

Volume II of III (Pages A-1383 through A-16816)

04-1323, -1487

**United States Court of Appeals
For the Federal Circuit**

ARTHROCARE CORPORATION,

*Plaintiff/Counterclaim Defendant-
Appellee,*

and

ETHICON, INC.,

Counterclaim Defendant-Appellee,

v.

SMITH & NEPHEW, INC.,

*Defendant/Counterclaimant-
Appellant.*

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE IN 01-CV-504,
CHIEF JUDGE SUE L. ROBINSON

NON-CONFIDENTIAL JOINT APPENDIX

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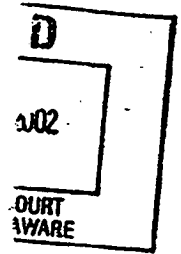
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CONFIDENTIAL MATERIAL OMITTED FROM
THE NON-CONFIDENTIAL JOINT APPENDIX

The material omitted from the Non-Confidential Joint Appendix relates to confidential agreements executed by ArthroCare Corporation, documents filed under seal with the district court, and Smith & Nephew, Inc.'s counterclaim, the dissemination of which the district court has restricted.



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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.,

Defendant.

Civil Action No. 01-504 SLR

**CONFIDENTIAL – FILED UNDER
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**PLAINTIFF ARTHROCARE'S ANSWERING BRIEF IN OPPOSITION TO
DEFENDANT SMITH & NEPHEW'S SECOND MOTION FOR LEAVE TO AMEND
ANSWER AND COUNTERCLAIM**

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.

Defendant.

C.A. No. 01-504-SLR

CONFIDENTIAL INFORMATION
SUBJECT TO PROTECTIVE ORDER

FILED UNDER SEAL

**DEFENDANT SMITH & NEPHEW'S REPLY BRIEF
IN SUPPORT OF ITS SECOND MOTION FOR LEAVE TO
AMEND ANSWER AND COUNTERCLAIM**

Dated: August 26, 2002

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CLERK U.S. DISTRICT COURT
DISTRICT OF DELAWARE

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A 2143 - 2149

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

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ARTHROCARE CORPORATION,)
)
Plaintiff,)
)
v.) C.A. No. 01-504-SLR
)
SMITH & NEPHEW, INC.,)
)
Defendant.)

MEMORANDUM ORDER

At Wilmington this 27th day of November, 2002, having reviewed the papers submitted by the parties in connection with various motions filed by defendant;

IT IS ORDERED that defendant's motion to stay pending reexamination (D.I. 187) is denied, for the reasons that follow:

1. The United States Court of Appeals for the Federal Circuit recognizes that "[c]ourts have inherent power to manage their dockets and stay proceedings . . . , including the authority to order a stay pending conclusion of a PTO reexamination."

Ethicon, Inc. v. Quigg, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988) (citations omitted). Courts clearly have the authority to order their cases to trial.

2. The Federal Circuit also has recognized that patent litigation in a district court and reexamination proceedings

before the PTO do not implicate a "precise duplication of effort" because "litigation and reexamination are distinct proceedings, with distinct parties, purposes, procedures, and outcomes." Id. at 1427.

3. Given the court's view that its primary purpose is to manage litigation in an expeditious manner in order to create an appropriate record (through motion practice or trial) for review by the Federal Circuit, the court generally will not stay its cases pending reexamination proceedings absent extraordinary circumstances. In this case, where only one of the three patents is undergoing reexamination, where the patents at issue relate to an evolving and highly competitive market, and where the reexamination proceedings to date have not been conducted with what the court would consider "special dispatch", the court declines to find this an exceptional case warranting a stay. The court understands that, prior to trial, the PTO may issue rulings that will need to be considered, thus causing some inefficiencies in the pretrial and trial process. Nevertheless, the court concludes that such inefficiencies are an inherent byproduct of concurrent litigation and reexamination and, therefore, do not constitute exceptional circumstances justifying a stay of the litigation at bar.

IT IS FURTHER ORDERED that defendant's motion to bifurcate willfulness and damages and to stay discovery (D.I. 107) is granted. Discovery on the issues of willfulness and damages will be stayed until after the verdict on infringement and invalidity has been returned; these issues will be tried to a new jury.

IT IS FURTHER ORDERED that defendant's claim of privilege pertaining to redactions in certain documents (D.I. 190) is denied. The court finds that the information redacted is equivalent to the information required to be included in a privilege log, and thus not privileged information.

IT IS FURTHER ORDERED that defendant's second motion for leave to amend answer and counterclaim (D.I. 111) is granted. However, discovery and trial of defendant's newly added counterclaim for antitrust violations are stayed consistent with the above ruling on the issues of damages and willfulness.

IT IS FURTHER ORDERED that defendant's motion for reargument is denied, as is its motion to strike. (D.I. 160, 172)


United States District Judge

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

C.A. No. 01-504-SLR

SMITH & NEPHEW, INC.,

Defendant.

SMITH & NEPHEW, INC.,

Counterclaimant,

v.

ARTHROCARE CORPORATION,
and ETHICON, INC.,

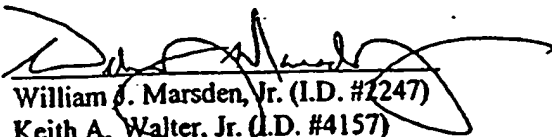
Counterdefendants.

STIPULATED ORDER

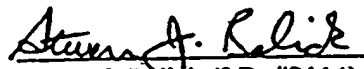
WHEREAS, by order dated November 27, 2002 (D.I. 206), the Court stayed discovery and trial of defendant's newly added antitrust counterclaim in the above action; now therefore,

IT IS HEREBY STIPULATED AND AGREED, subject to the approval and order of the Court, that the deadline by which counterdefendant Ethicon, Inc. ("Ethicon") must reply, move, or otherwise respond to defendant's counterclaim is extended until 30 days after Ethicon's counsel receives notice from defendant Smith & Nephew's counsel that there has been a verdict in the patent trial.

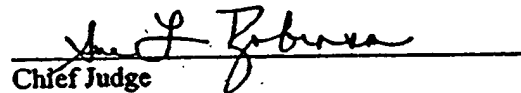
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SO ORDERED this 5th day of February, 2003.


Chief Judge

121521.1

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.,

Defendant.

C.A. No. 01-504 (SLR)

**PLAINTIFF ARTHROCARE'S
OPENING CLAIM CONSTRUCTION BRIEF**

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March 4, 2003

patent should not be read into the broad language of a claim. See *Electro Med. Sys., S.A. v. Cooper Life Sciences, Inc.*, 34 F.3d 1048, 1054 (Fed. Cir. 1994) (“[P]articular embodiments appearing in a specification will not be read into the claims when the claim language is broader than such embodiments.”).

D. Connector

Disputed Phrase	ArthroCare Definition	Smith & Nephew Definition
“connector” (‘536: Cl. 45)	Anything that electrically couples the electrode terminal to the high frequency power supply.	A structure which may be removably joined or linked together with a cooperating structure (i.e., a mating connector).

The ordinary meaning of the disputed claim term “connector” is “anything serving as a link between two separate objects or units.” DORLAND’S ILLUSTRATED MEDICAL DICTIONARY at 370 (28th ed. 1994) (Ex. 9). There is nothing in any of the specifications of the patents-in-suit that compels, or even suggests, that the Court should depart from the heavy presumption that a term should be given its ordinary meaning. See *Johnson Worldwide Assoc., Inc. v. Zebco Corp.*, 175 F.3d 985, 989 (Fed. Cir. 1999) (“[A] court must presume that the terms in the claim mean what they say, and, unless otherwise compelled, give full effect to the ordinary and accustomed meaning of claim terms.” There is a “heavy presumption in favor of the ordinary meaning of claim language....”) (emphasis added); *York Prods., Inc. v. Cent. Tractor Farm & Family Ctr.*, 99 F.3d 1568, 1572 (Fed. Cir. 1996) (“Without an express intent to impart a novel meaning to claim terms, an inventor’s claim terms take on their ordinary meaning.”).

The term “connector” appears in Claim 45 of the ‘536 Patent (Ex. 1), which reads “a connector near the proximal end of the shaft electrically coupling the electrode terminal to the electrosurgical power supply.” ArthroCare’s construction — “anything that electrically couples the electrode terminal to the high frequency power supply” — is derived from the term’s ordinary meaning and its stated purpose in the claim in which it appears.

Many different fluids are used in electrosurgical procedures. Some of these fluids, such as distilled water, glycine, and sorbitol, are broadly regarded by those having skill in the art as being electrically non-conducting fluids. See U.S. Patent Nos. 4,943,290 (Ex. 12) col. 13:47-49 ("The preferred electrically *non-conductive* fluid in the method of performing an arthroscopic subcutaneous lateral release is sterile *distilled water*."); 4,924,882 (Ex. 13) col.4:45-48 ("This is done with retroperfusion of *non-conducting*, isotonic solution such as *sorbitol-mannitol solution* from the proximal end of the vein graft gently distending the valves closed."); 5,122,138 (Ex. 14) col. 1:31-36 ("To solve this problem, Rexroth invented a system schematically illustrated in FIG. 1 (Prior Art) which injects a flow of *non-conductive fluid* (E.G. *distilled water*) out the end of a flexible tube to thereby surround the tip of the RF electrode with the electrically non-conductive fluid."). Smith & Nephew, in its Control RF IFU, calls sterile water and glycine "non-conductive" fluids. See (Ex. 6D) (Dyonics Series 7000 RF Arthroscopic Probe Instructions for Use) at 2]

Thus, a proper construction of the phrase "electrically conducting fluid" should exclude those fluids regarded by those of ordinary skill as non-conducting, such as distilled water. Yet, under Smith & Nephew's proposed construction, distilled water would qualify as an electrically conducting fluid. This is because even non-conducting fluids such as distilled water "allow the passage of electrical current" and conduct some electricity. See (Ex. 15) [Liquid Level Control Systems; Sensitivity Data, Water-Distilled = 2 micromhos/cm (0.002 mS/cm) at http://www.gemssensors.com/PDF/Catalog/war_sensitive.pdf (last visited March 1, 2003)]. Thus, Smith & Nephew's proposed construction would render the phrase "electrically conducting fluid" meaningless.

Because Smith & Nephew's proposed construction of "electrically conducting fluid" covers fluids which are regarded by those having skill in the art as electrically non-

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IN THE UNITED STATES DISTRICT COURT
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ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.

Defendant.

C.A. No. 01-504-SLR

SMITH & NEPHEW, INC.,

Counterclaim Plaintiff,

v.

ARTHROCARE CORPORATION, AND
ETHICON, INC.,

Counterclaim Defendants.

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SMITH & NEPHEW, INC.'S OPENING CLAIM CONSTRUCTION BRIEF

Dated: March 4, 2003

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.

Defendant.

C.A. No. 01-504-SLR

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HERE U.S. DISTRICT COURT
DISTRICT OF DELAWARE

Mar 4 11 30 AM '03

SMITH & NEPHEW, INC.,

Counterclaim Plaintiff,

v.

ARTHROCARE CORPORATION, AND
ETHICON, INC.,

Counterclaim Defendants.

**SMITH & NEPHEW'S OPENING BRIEF IN SUPPORT OF ITS MOTION FOR
SUMMARY JUDGMENT OF NON-INFRINGEMENT OF U.S. PATENT NOS.
5,697,536; 5,697,882 AND 6,224,592**

Dated: March 4, 2003

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.

Defendant.

C.A. No. 01-504-SLR

SMITH & NEPHEW, INC.,

Counterclaim Plaintiff,

v.

ARTHROCARE CORPORATION, AND
ETHICON, INC.,

Counterclaim Defendants.

CLERK U.S. DISTRICT COURT
DISTRICT OF DELAWARE

MAR 4 4 31 PM '03

FILED

SMITH & NEPHEW'S OPENING BRIEF IN SUPPORT OF ITS
MOTION FOR SUMMARY JUDGMENT OF INVALIDITY
BASED ON PRIOR ART (35 U.S.C. §§ 102 AND 103)

Dated: March 4, 2003

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A 5098 - 5110

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.

Defendant.

C.A. No. 01-504-SLR

FILED UNDER SEAL

SMITH & NEPHEW, INC.,

Counterclaim Plaintiff,

v.

ARTHROCARE CORPORATION, AND
ETHICON, INC.,

Counterclaim Defendants.

JOINT CLAIM CONSTRUCTION STATEMENT

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SMITH & NEPHEW, INC.

Dated: March 5, 2003

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DISTRICT OF DELAWARE
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Claim No. / Limitation	ArthroCare's Final Construction / Position	Support for ArthroCare's Proposed Construction	Smith & Nephew's Final Construction / Position	Support for Smith & Nephew's Proposed Claim Construction
positioning a return electrode within the electrically conductive fluid such that the return electrode is not in contact with the body structure to generate a current flow path between the electrode terminal and the return electrode; and	The phrase "return electrode," when contrasted with an "active electrode," means an electrode which is designed to minimize tissue effect and has a current density less than that of the active electrode. The phrase "not in contact with the body structure" is clear and no further construction is needed.	"return electrode": THE NEW IEEE STANDARD DICTIONARY OF ELECTRICAL AND ELECTRONICS TERMS at 13 (5th ed., 1993); U.S. Pat. No. 6,280,441 at 6:36-41; U.S. Pat. No. 5,749,914 at 8:34-41; '536 Figs. 2A, 2B, 2C, 3, 6- 8, 10, 11, 15-18; '882 & '592 Fig. 2C. "not in contact with the body structure": '592 Cl. 1, 21, 23; '882 Cl. 21.	The terms "return electrode," "electrode terminal" and "electrically conductive fluid" have the meanings set forth above. The phrase "such that the return electrode is not in contact with the body structure" means that this claim requires that the return electrode must be kept away from, and not allowed to touch any portion of the body structure during the surgery.	Specification: "In bipolar electrosurgical systems, both the active and return electrodes are typically exposed so that they may both contact tissue." '592 patent at col. 1, line 64 to col. 2, line 3, Marsden Ex. 1, Tab 3. "The provision of the electrically insulating jacket 18 per return electrode 56 prevents direct electrical contact between return electrode 56 and any adjacent body structure..." '592 patent at col. 17, lines 47-50, Marsden Ex. 1, Tab 3. "the return electrode is spaced from the active electrode and enclosed within an insulating sheath. This minimizes exposure of the return electrode to surrounding tissue and minimizes possible shorting of the current between the active and return electrodes." '592 patent, col. 4, lines 25, Marsden Ex. 1, Tab 3.

Claim No. / Limitation	ArthroCare's Final Construction / Position	Support for ArthroCare's Proposed Construction	Smith & Nephew's Final Construction / Position	Support for Smith & Nephew's Proposed Claim Construction
and	<p>effect and has a current density less than that of the active electrode.</p> <p>The phrase "electrically conducting fluid" is clear and no further construction is needed.</p> <p>The phrase "spacing a return electrode away from the body structure" is clear and no further construction is needed.</p>	<p>8, 10, 11, 15-18; '882 & '592 Fig. 2C.</p> <p>"electrically conductive fluid"; U.S. Patent Nos. 4,943,290 at 13:47-49; 4,924,882 at 4:45-48; 5,122,138 at 1:31-36; Goldberg Report Ex. 21 at 2; Liquid Level Control Systems, Sensitivity Data, at www.gemssensors.com/.</p> <p>"spacing a return electrode away"; '592 Cl. 1, 21, 23.</p>	<p>The phrase "spacing a return electrode away from the body structure" means that the return electrode must be kept away from, and not allowed to touch any portion of the body structure during the surgery.</p>	<p>not in contact with the body structure" in '592 patent claim 1.</p>

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.

Defendant.

C.A. No. 01-504-SLR

FILED COURT
DISTRICT OF DELAWARE
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SMITH & NEPHEW, INC.,

Counterclaim Plaintiff,

v.

ARTHROCARE CORPORATION, AND
ETHICON, INC.,

Counterclaim Defendants.

CONFIDENTIAL
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SMITH & NEPHEW'S RESPONSIVE CLAIM CONSTRUCTION BRIEF

Dated: March 18, 2003

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A 8074 - 8077

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.

Defendant.

C.A. No. 01-304-SLR

FILED UNDER SEAL

SMITH & NEPHEW, INC.,

Counterclaim Plaintiff,

v.

ARTHROCARE CORPORATION, AND
ETHICON, INC.,

Counterclaim Defendants.

DECLARATION OF EUGENE B. JOSWICK

Dated: March 18, 2003

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302

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.

Defendant.

C.A. No. 01-504-SLR

U.S. DISTRICT COURT
DISTRICT OF DELAWARE

FILED
MAR 27 4 30 PM '03

SMITH & NEPHEW, INC.,

Counterclaim Plaintiff,

v.

ARTHROCARE CORPORATION, AND
ETHICON, INC.,

Counterclaim Defendants.

CONFIDENTIAL
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SMITH & NEPHEW'S REPLY BRIEF IN SUPPORT OF ITS
MOTION FOR SUMMARY JUDGMENT OF INVALIDITY
BASED ON PRIOR ART (35 U.S.C. §§ 102 and 103)

Dated: March 25, 2003

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.,

Defendant.

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C.A. No. 01-504 (SLR)

**ARTHROCARE'S MOTION *IN LIMINE* TO PRECLUDE
SMITH & NEPHEW FROM REFERRING TO JUDGE ORRICK'S
DECEMBER 1, 1998 INTERLOCUTORY DECISION IN THE *ETHICON* CASE**

ArthroCare Corporation ("ArthroCare") hereby moves *in limine* to preclude Smith & Nephew, Inc. ("Smith & Nephew") from referring to, or offering any evidence concerning, Judge Orrick's December 1, 1998 interlocutory decision in the earlier *Ethicon* case.

STATEMENT OF FACTS

On February 13, 1998, ArthroCare filed an infringement action against Ethicon Corporation ("Ethicon"), Mitek Surgical Products, Inc. ("Mitek"), and Gynecare, Inc. in the United States District Court for the Northern District of California, entitled *ArthroCare Corp. v. Ethicon, Inc.* (the "*Ethicon* case").¹ Shortly thereafter, ArthroCare moved for a preliminary injunction against Ethicon and Mitek. On December 1, 1998, Judge William H. Orrick issued a Memorandum Decision denying ArthroCare's motion (the "*Ethicon* Decision," (Ex. A). The

¹ In the *Ethicon* case, ArthroCare asserted U.S. Patent Nos. 5,697,536 ("the '536 patent") 5,697,882 ("the '882 patent"), 5,697,909 ("the '909 patent"), and 5,697,281 ("the '281 patent"). ArthroCare has asserted two of those patents against Smith & Nephew in this action -- namely the '536 and the '882 patents -- as well as an additional patent that issued after the *Ethicon* case, U.S. Patent No. 6,224,592 B1 ("the '592 patent").

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RICHARD W. WIEKING
CLERK U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

ARTHROCARE CORPORATION,

Plaintiff,

vs.

ETHICON, INC., MITEK SURGICAL
PRODUCTS, INC., and
GYNECARE, INC.,

Defendants.

No. C-98-0609 WHO

MEMORANDUM DECISION
AND ORDER

I.

ArthroCare contends that Ethicon and Mitek are infringing

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A 13286

In The Matter Of:

*Arthrocare Corporation v.
Smith & Nephew, Inc.*

April 1, 2003

*Hawkins Reporting Service
715 N. King Street, Suite 3
Wilmington, DE 19801
(302) 658-6697 FAX: (302) 658-8418*

Original File 040103JR.V1, 188 Pages
Min-U-Script® File ID: 2807790284

Word Index included with this Min-U-Script®

ferences. But also under the function, way [118] result, you need to consider the claim [119] construction.

[120] The beginning assumption of ours is [121] correct when you do that. Our separate fluid [122] supply doesn't perform the function — perform the [123] fluid over the electrodes.

[124] On the '882 patent, we only have two

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[11] electrodes. We don't have four or even three.

[12] And one point I'd like to make, [13] there are two errors, two alleged errors they [14] propose in their certificate of correction. One [15] is to change active electrode to electrode [16] terminal. Maybe I have that backwards.

[17] The other is to change electrically [18] conducting terminal to electrically conducting [19] fluid. Even if you were to agree with them, [110] electrically conducting terminal to be [111] electrically conducting fluid, you would still [112] have the other change that they made.

[113] And unless you agree with them that [114] that change ought to be made three electrodes, and [115] we don't have three electrodes, we only have two. [116] The claim — I'd also like to point out that on — [117] well, and then on the '592 patent, as you saw on [118] that video, our products, when they're used, their [119] return electrode touches tissue.

[120] That's not really disputed. And [121] that's true for all three of our products.

[122] And that takes care of all of the [123] asserted claims of the '592 patent, because [124] they're all dependent from Claim 1 to 23.

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[11] The Doctrine of Equivalents [12] shouldn't be read to a level of finding of [13] infringement that would officiate ineffectively. [14] You'd be saying something that does contact is [15] equivalent to something that does not contact. [16] That would officiate that limitation.

[17] But there is also no infringement, [18] because there is no infringement by [19] Smith & Nephew. We sell devices. We don't treat [110] patients.

[111] So there's no conception or no [112] suggestion that we directly infringe these [113] claims. And there's also no evidence of indirect [114] infringement.

[115] For indirect infringement, you need [116] to show that we induce infringement. And the [117] evidence doesn't show that.

[118] The instruction for use are the [119] Saphyre weren't warned against contact between a [120] return electrode and nontarget. An important [121] distinction.

[122] They don't warn against target [123]

tissue, they only warn against nontarget tissue. [24] As you saw in the video, it would be perposturous

Page 150

[11] for Smith & Nephew to warn against contact with [2] return electrodes because it does touch tissue in [3] its use.

[14] And also, that video was not a [15] return electrode. That was a sales training [16] video.

[17] So this is how Smith & Nephew trains [18] people on its devices. Return electrode, the [19] electrode blade sales material that they point to [110] is completely misread. Those weren't against the [111] edge.

[112] If you look at that electrode blade [113] product that you have, you will see a return [114] electrode that is on the outside, it has a bit of [115] an edge horizontally. But that only warns against [116] the edge. It should be careful with the edge [117] because it's sharp.

[118] It doesn't warn against other ways [119] that you might contact tissue with return [120] electrodes. And the control RF, they have no [121] evidence on that.

[122] And for contributory infringement, [123] there's no contributory infringement if there's [124] substantial issues. Even their slicing them up

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[11] into a million pieces argument for how to read [12] does not contact tissue.

[13] There certainly are, you know, many [14] methods that are being used where the return [15] electrode does contact tissue. Those are [16] substantially non-infringement issues, so they [17] cannot prevail on the contributory infringement [18] finding.

[19] THE COURT: All right. Thank you [110] very much.

[111] Plaintiff has 10 or 15 minutes. [112] I'll give you about 13 minutes to respond.

[113] MR. BOBROW: Thank you, Your [114] Honor. I'd like to address just a couple of claim [115] construction issues, and then I'd like to have [116] Karen Jacobs Loudon respond on the argument [117] relating to the '882 patent, Claim 1, and the [118] question about the certificates of correction.

[119] I'll try to be as brief as I can. [120] I know that it's late.

[121] The first issue I wanted to address [122] was electrically conducting fluid. We've had some [123] discussion about that, and I wanted to follow-up [124] on the question that you asked me before our first

Page 152

[11] break.

[12] And it appeared that Your Honor was [13] concerned about simply letting the

phrase [11] electrically conductive fluid go to the jury in [12] those words.

[14] Mr. Marsden raised a portion of a [17] specification of the '882 patent, and the portion [18] that he highlighted for you says — refers to [19] certain ranges of conductivity from something like [110] 0.2 millisiemens to 17, or words to that effect.

[111] Having considered the issues and [112] looking at all of the issues, let me suggest a [113] possible construction for electrically conductive [114] fluid that I think solves a lot of the problems [115] and a lot of the issues that the Court may have.

[116] One construction that I think makes [117] sense would be for electrically conducting fluid [118] to be defined as a fluid with a conductivity [119] similar to blood or saline.

[120] I think that has a number of [121] advantages. Advantage number one is that blood [122] and saline are the fluids that Smith & Nephew [123] referred to in the claim construction.

[124] Number two, blood and saline are

Page 153

[11] referred to in the specification of all of the [12] patents, all three as being electrically [13] conductive.

[14] And third, what Mr. Marsden pointed [15] out to you with the ranges of conductivity, that [16] is only in the '882 patent and the '592 patent.

[17] That range information doesn't [18] appear in the '536 patent, but blood and saline [19] appear in the specification of each and every [110] patent.

[111] The other advantage of this proposed [112] construction, I think, is that it avoids the [113] problem that Smith & Nephew's current construction [114] would cover distilled water, would cover deionized [115] water, would cover glycine, and other fluids that [116] one in ordinary skill would say are not [117] electrically conductive.

[118] So that may give a nice framework [119] for the jury to understand the kinds of fluids [120] that we're talking about in this litigation.

[121] The second issue that I wanted to [122] discuss on claim construction was connector. Your [123] Honor was handed a number of the accused [124] products.

Page 154

[11] We do not dispute that the prong [12] that goes into the generator is a connector. [13] That's not the dispute.

[14] What the dispute is about is whether [15] that is exclusively, and solely, and only the [16] connector or whether there are other connectors.

[17] My impression from looking at all of [18] the graphics, and all of the slides, and all of [19] the documents is that connector is

252

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION.,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. 01-504-SLR
)	
SMITH & NEPHEW, INC.,)	
)	
Defendant.)	

Jack B. Blumenfeld, Esquire, Karen Jacobs Loudon, Esquire and James W. Parrett, Jr., Esquire of Morris, Nichols, Arsht & Tunnell, Wilmington, Delaware. Counsel for Plaintiff. Of Counsel: Matthew D. Powers, Esquire, Jared Bobrow, Esquire and Perry Clark, Esquire of Weil, Gotshal & Manges LLP, Redwood Shores, California.

William J. Marsden, Jr., Esquire and Keith A. Walter, Jr., Esquire of Fish & Richardson P.C., Wilmington, Delaware. Counsel for Defendant. Of Counsel: Mark J. Hebert, Esquire and Kurtis D. MacFerrin, Esquire of Fish & Richardson P.C., Boston, Massachusetts.

MEMORANDUM OPINION

Dated: April 9, 2003 ✓
Wilmington, Delaware

A 14058

C. Plaintiff's Motion for Partial Summary Judgment of Infringement of Claim 1 of the '592 Patent and Defendant's Motion for Summary Judgment of Non-infringement of the Asserted Claims of the '592 Patent

With respect to infringement of claim 1 of the '592 patent, the parties base their arguments on the claim limitation "the return electrode is not in contact with the body structure."

Claim 1 of the '592 patent recites:

1. A method for applying electrical energy to a target site on a body structure on or within a patient's body, the method comprising:

positioning an electrode terminal into at least close proximity with the target site in the presence of an electrically conductive fluid;

positioning a return electrode within the electrically conductive fluid such that the return electrode is not in contact with the body structure to generate a current flow path between the electrode terminal and the return electrode; and

applying a high frequency voltage difference between the electrode terminal and the return electrode such that an electrical current flows from the electrode terminal, through the region of the target site, and to the return electrode through the current flow path.

('592 patent, col. 24, ll. 6-21) (emphasis added)

Both parties have proposed a claim construction that improperly imports a temporal limitation in the claim. The claim limitation in dispute has no relation to the time required to

perform the method. The claim limitation "the return electrode is not in contact with the body structure" is clear - the return electrode is not to contact the body at all during the performance of the claimed method. The court has determined that this phrase should be given its ordinary meaning. In doing so, the court rejects both parties' attempt to add a limitation not present in the claim.

As discussed, the parties' arguments actually relate to the time required to perform the claimed method. The claimed method does not contain any time limitations. Thus, the claimed method is performed when each of the three steps of claim 1 has been completed. See Bell Communications Research, Inc. v. Vitalink Communications Corp., 55 F.3d 615, 622-23 (Fed. Cir. 1995) ("[A]n accused product that sometimes, but not always, embodies a claimed method nonetheless infringes."). Defendant does not dispute that, at times during the surgery, the return electrode of the accused product is not in contact with the body structure and each of the three steps of the claimed method are performed. The court, therefore, finds that the use of the Saphyre product literally infringes claim 1 of the '592 patent.

Although the court finds that the use of the accused product literally infringes claim 1 of the '592 patent, plaintiff has failed to prove that defendant uses the accused product. The

claim at issue is a method claim. A finding of infringement requires proof that the accused method has been performed. Plaintiff has not even alleged, much less proven, that defendant performs the claimed method.

Plaintiff asserts that it is not necessary to identify specific individuals who use the product. The cases cited by plaintiff support this proposition when plaintiff is attempting to prove the direct infringement necessary to find inducement or contributory infringement. In the motion before the court, "Arthrocare did not move for summary judgment of inducement or contributory infringement[.]"¹ (D.I. 297 at 2)

For these reasons, plaintiff's motion for partial summary judgment of infringement of claim 1 of the '592 patent (D.I. 251) is denied. Defendant's motion for summary judgment of non-infringement of the asserted claims of the '592 patent (D.I. 255) is also denied.

D. Defendant's Motion for Summary Judgment of Non-infringement of the Asserted Claims of the '536 Patent

Defendant asserts numerous arguments as its basis for summary judgement of non-infringement of the '536 patent. The

¹Literally, Arthrocare moved "for partial summary judgment that [the] accused Saphyre product . . . infringes claim 1 of [the '592] patent." (D.I. 251) Of course, a product cannot infringe a method claim.

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.

Defendant.

C.A. No. 01-504-SLR

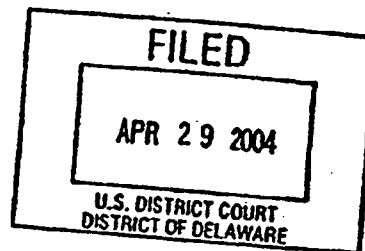
SMITH & NEPHEW, INC.,

Counterclaim Plaintiff,

v.

ARTHROCARE CORPORATION, AND
ETHICON, INC.,

Counterclaim Defendants.



SMITH & NEPHEW'S AMENDED NOTICE OF APPEAL

PLEASE TAKE NOTICE that Smith & Nephew, Inc. ("Smith & Nephew"), defendant and counterclaim-plaintiff in the above-captioned case, hereby appeals to the United States Court of Appeals for the Federal Circuit from:

(1) the Revised Order, dated April 28, 2004, denying Smith & Nephew's motion for reconsideration of orders granting ArthroCare Corp.'s ("ArthroCare") motion for permanent injunction and denying Smith & Nephew's motion to stay the injunction pending appeal (D.I. 509);

(2) the Order and Memorandum Opinion, dated April 27, 2004, denying Smith & Nephew's motion for reconsideration of orders granting ArthroCare's motion for permanent injunction and denying Smith & Nephew's motion to stay the injunction pending appeal (D.I. 507 and 508) and the Revised Order, dated April 27, 2004,

dismissing Smith & Nephew's antitrust counterclaim and granting ArthroCare's motion to dismiss that counterclaim (D.I. 506);

(3) the Order, dated April 8, 2004, denying Smith & Nephew's unopposed motion to lift the stay to oppose ArthroCare's motion to dismiss the antitrust counterclaim (D.I. 499);

(4) the Orders and Memorandum Opinions, dated March 10, 2004, denying Smith & Nephew's motion for judgment as a matter of law pursuant to Fed. R. Civ. P. 50(b), denying Smith & Nephew's motion for a new trial, denying Smith & Nephew's cross motion to strike motion for entry of judgment of no inequitable conduct, granting ArthroCare's motion for entry of judgment of no inequitable conduct, granting ArthroCare's motion for permanent injunction, and granting ArthroCare's motion to dismiss Smith & Nephew's antitrust counterclaim (D.I. 481, 482, 483, 484);

(5) the Judgment for ArthroCare against Smith & Nephew, dated June 20, 2003 (D.I. 452);

(6) those portions of the Memorandum Order, dated April 9, 2003, construing the disputed claim language in U.S. Patents '536, '882 and '592 in a manner that differed from that proposed by Smith & Nephew (D.I. 353); and

(7) each and every order, opinion, ruling, finding and/or conclusion of the District Court which produced or is subsumed within those portions of such Judgment, Orders, Memorandum Opinions and/or Memorandum Order, and/or was adverse to Smith & Nephew.

No additional fee is required pursuant to Fed. R. App. P. 4(a)(4)(B)(iii).

Dated: April 29, 2004

FISH & RICHARDSON P.C.

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I hereby certify that on this 29th day of April, 2004, a true and correct copy of the foregoing SMITH & NEPHEW'S AMENDED NOTICE OF APPEAL was caused to be served on the attorneys of record at the following addresses as indicated:

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FROM MNA&T/302-658-3989

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BY HAND

The Honorable Sue L. Robinson
United States District Court
844 King Street
Wilmington, DE 19801

Re: ArthroCare Corp. v. Smith & Nephew, C.A. No. 01-504 SLR

Dear Chief Judge Robinson:

As the Court requested yesterday, here are the parties' proposed jury instructions, both in hard copy and on disk.

Respectfully,



James W. Parrett, Jr.

cc: Peter T. Dalleo (w/enc.) (by hand)
William J. Marsden, Jr., Esquire (w/enc.) (by hand)
Mark J. Hebert, Esquire (w/enc.) (by fax)
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FROM MNA&T/302-658-3989

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of the claimed method. The claimed method does not contain any time limitations. Thus, the claimed method is performed when each of the three steps of the claim has been completed.

4. "Electrically Conducting Fluid" and "Electrically Conductive Fluid."

Consistent with the ordinary definition, "electrically conducting fluid" and "electrically conductive fluid" shall be construed to mean "any fluid that facilitates the passage of electrical current." Examples of electrically conducting fluids are blood and saline.

5. "Directing or Delivering the Electrically Conductive Fluid to the Target site"

This phrase shall be construed consistent with its ordinary meaning; no further construction is necessary.

6. "Electrode Terminal."

Consistent with the intrinsic evidence of the patents in suit, "electrode terminal" means "one or more active electrodes."

7. "Active Electrode."

The court shall apply the ordinary definition of the term "active electrode" in the relevant art. The term "active electrode" means "a stimulating electrode . . . applied to tissue for stimulation and distinguished from [a return electrode] by having a smaller area of contact, thus affording a higher current density."

8. "Return Electrode."

As contrasted with an active electrode, the term "return electrode" means "an electrode having a larger area of contact than an active electrode, thus affording a lower current density."

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BRIEF FILE

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.

Defendant.

C.A. No. 01-504-SLR

SMITH & NEPHEW, INC.,

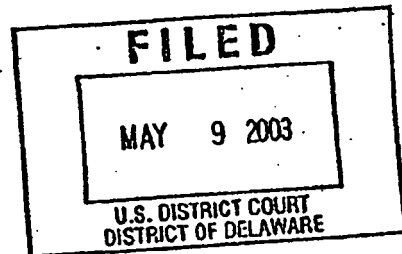
Counterclaim Plaintiff,

v.

ARTHROCARE CORPORATION, AND
ETHICON, INC.,

Counterclaim Defendants.

CONFIDENTIAL
FILED UNDER SEAL



SMITH & NEPHEW'S RULE 50(A) MOTION FOR JUDGMENT AS A
MATTER OF LAW

Dated: May 9, 2003

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FILED
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CLERK U.S. DISTRICT COURT
DISTRICT OF DELAWARE

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A 14940

**These pages have been removed from the
non-confidential appendix due to confidential
designations**

A 14941 - 14971

CERTIFICATE OF SERVICE

I hereby certify that on this 9th day of May, 2003, a true and correct copy of
SMITH & NEPHEW'S RULE 50(A) MOTION FOR JUDGEMENT AS A MATTER
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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.,

Defendant.

C.A. No. 01-504 SLR

**ARTHROCARE'S REVISED SUPPLEMENTAL COVENANT NOT TO SUE
SMITH & NEPHEW ON CERTAIN CLAIMS OF THE PATENTS-IN-SUIT**

To reduce and focus the issues for trial, plaintiff ArthroCare Corporation ("ArthroCare") has decided to withdraw its allegations that the accused products of Smith & Nephew, Inc. ("Smith & Nephew") and their use infringe certain claims of the patents-in-suit. Specifically, ArthroCare unconditionally agrees not to sue Smith & Nephew or its customers to whom it owes an indemnification obligation with respect to the below listed products, now or in the future, for direct, induced or contributory infringement of: (1) claims 45, 55, 58-59, and 61-62 of U.S. Patent No. 5,697,536 (the "536 patent"), (2) claims 1, 18, 21, 23-24, 26, 28-29, 37-38, 47-50, and 54 (as it depends from 28) of U.S. Patent No. 5,697,882 (the "882 patent"), and (3) claims 2, 9, 13-15, 18, 30, 34-36, and 39 of U.S. Patent No. 6,224,592 B1 (the "592 patent") (referred to collectively as the "Withdrawn Claims") based on its manufacture, use, importation, sale, or offer of sale of the following accused products as configured to date:

Saphyre 90-degree, 3 mm Bipolar Ablation Probe, Integrated Cable, REF 925001 / 7209686

Saphyre 90-degree, 3 mm Suction Bipolar Ablation Probe, Integrated Cable, REF 925011 / 7209683

Saphyre 90-degree HP Ablator, 7209684

Saphyre 60-degree, 3 mm Bipolar Ablation Probe, Integrated Cable, REF 925003 / 7209685

Saphyre 60-degree, 3 mm Suction Bipolar Ablation Probe,
Integrated Cable, REF 925013 / 7209682

Saphyre 90-degree HP Ablator with suction, 7209681

Saphyre 90-degree HP Ablator, REF 7209684

Saphyre 90-degree HP Ablator with suction, REF 7209681

Dyonics Series 9000 Electroblade Resector 4.5 mm Full Radius
Blade, REF 7205961

Dyonics Series 9000 Electroblade Resector 4.5 mm Elite E/S
Resector, REF 7209700

Dyonics Series 7000 RF Arthroscopic Probe, Type RS,
REF 7205956

Dyonics Series 7000 RF Arthroscopic Probe, Type RSX,
REF 7205957

Dyonics Series 7000 RF Arthroscopic Probe, Type RE,
REF 7209034

Dyonics Series 7000 RF Arthroscopic Probe, Type REX,
REF 7209035

Dyonics Series 7000 RF Arthroscopic Probe, Type AP,
REF 7209036

Dyonics Series 7000 RF Arthroscopic Probe, Type APX,
REF 7209037

Dyonics Series 7000 RF Arthroscopic Probe, Type MR,
REF 7209038

Dyonics Series 7000 RF Arthroscopic Probe, Type MRX,
REF 7209039

Dyonics Control RF Generator Adaptor, REF 7207908

This covenant is without prejudice to any assertion by ArthroCare of infringement of any other claim of the '536 patent, the '882 patent, or the '592 patent or any assertion of the Withdrawn Claims against any other products or methods. Nothing in this covenant shall be construed as an admission by ArthroCare that any product or method is not covered by the Withdrawn Claims.

MORRIS, NICHOLS, ARSHT & TUNNELL

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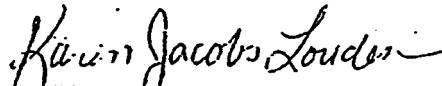
May 9, 2003

CERTIFICATE OF SERVICE

I, Karen Jacobs Louden, hereby certify that copies of the foregoing were caused to be served this 9th day of May, 2003, upon the following in the manner indicated:

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Fish & Richardson
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Wilmington, DE 19801



Karen Jacobs Louden

Page 3

PROCEEDINGS

(Proceedings commenced in the courtroom,
beginning at 8:30 a.m., and the following occurred without
the presence of the jury.)

THE COURT: All right. You all can let me know
what is going on.

MR. BLUMENFELD: Your Honor, Mr. Marsden and I
spoke last night after the conference that we had yesterday
afternoon. I guess we haven't spoken since last night.
But I guess our view, plaintiff's view, is to go forward
with the entire trial on the schedule that was set, so we
will go the next three days, and then next week. I don't
know whether William has any different view on that or not.

THE COURT: Can you tell me if there is a very,
very good reason why we should go forward and not
accommodate Mr. Marsden's problem?

MR. BLUMENFELD: Yes. The reason, your Honor,
is that, in terms of the suggestion that your Honor made
yesterday, our infringement expert isn't available next
Monday and Tuesday. He has surgery scheduled. So even
if we wanted to try to put things into next week, our
witness, our main witness just isn't available at the

... Page 4

1 beginning of next week, when we would be putting our
2 infringement case on.

3 THE COURT: It astounds me how people can
4 schedule things and things can happen so that there is
5 absolutely no flexibility.

6 MR. BLUMENFELD: Your Honor, he moved surgery
7 from this week to next because of the way the trial was
8 scheduled. That is where we are.

9 THE COURT: Mr. Marsden.

10 MR. MARSDEN: Your Honor, we appreciate the
11 proposals that you have made and we would welcome either
12 of them. That is either to start infringement on Monday
13 or to push the entire trial to August. Appreciate the
14 Court suggesting those as possible alternatives and we
15 would welcome either of them.

16 THE COURT: Well, it doesn't sound like the
17 one that makes the most sense works out because of the
18 plaintiff's infringement expert. So I am not confident
19 that I can accommodate you. I guess, for purposes of the
20 record, you need to let me know, for purposes of the
21 record you can make whatever representations you need to
22 make in terms of your client. But I think, unfortunately,
23 we do need to go forward, under the circumstances.

24 MR. MARSDEN: I appreciate that. Your Honor,
25 one last proposal would be to start infringement on

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1 give you a schedule tomorrow. However, that doesn't
2 necessarily include your juror deliberations. So we will
3 be done our job, and our trial time doesn't necessarily
4 include the time that you will need to review the evidence.

5 Because I time my trial, it is real important
6 that we start promptly and end promptly. So we would
7 appreciate your cooperation in getting here so we can
8 start at 9:30 and end either at 3:00 or 4:30.

9 We try to resolve the evidentiary disputes
10 before you get into Court so theoretically when you are
11 here you will be hearing evidence and not a lot of argument
12 between the lawyers and me.

13 That is kind of the fundamentals of trial here
14 in my courtroom.

15 We are going to recess for the day. You need
16 to follow Francesca. She will take you back to the jury
17 room so you can familiarize yourself with that and how to
18 get in and out of chambers.

19 I will just remind you not to discuss anything
20 about the case, except your schedule, with anyone, and we
21 will look forward to seeing you tomorrow morning at 9:30.

22 (At this point the jury then left the
23 courtroom.)

24 THE COURT: All right. I forgot to mention the
25 temperature variations. It will either be freezing or too

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1 warm. So you have to dress in layers, those of them who
2 can dress in layers.

3 Why don't we have a seat and just go over the
4 one or two other things. Then you can take off for the
5 rest of the day.

6 With respect to the summary judgment issue
7 that was brought up at the very end, I denied that motion.
8 Therefore, as far as I am concerned, nothing I said in
9 that motion is binding. Not my findings of fact, not
10 anything, because I denied it. Therefore, although there
11 was an inference that we made from the evidence, that is
12 not an inference that is binding and it can be challenged
13 here in Court with the presentation of evidence.

14 With respect to the inducing infringement
15 issue, that does involve proving specific intent, which is
16 always difficult to prove. Based on what I have heard and
17 the kind of evidence that is going to go to that, I find
18 it relevant, and I don't find it unduly prejudicial. Now,
19 that is not to say that at some point in time after I
20 actually hear the evidence I might have a different view.
21 But at this point, I think it is an appropriate part of
22 the story. So I am going to allow ArthroCare to go
23 forward on the limited evidence that we talked about
24 this morning.

25 There will have to be a change of the number

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1 of hours allocated to each party. I have decided that I
2 think we can accommodate, rather than 36 -- well, I will
3 have to go back. We need to eliminate a few hours from
4 each side because we are eliminating a few hours today.
5 So instead of 18 hours each, I think we might have to be
6 down to 16 hours each. I will look at my schedule and
7 see how that comes up.

8 Are there any other issues which we need to
9 address yet today?

10 Hopefully, you all will know enough about what
11 is planned for the day to bring to my attention before we
12 start the trial day. Any evidentiary issues? Because at
13 this point, if I decide that you knew about an issue and
14 failed to bring it to my attention when the jury was not
15 here, you will lose that motion even if -- or lose that
16 issue even if it is meritorious. The idea is to know
17 what's going to happen and to bring issues up so that we
18 don't waste the jury's time. Their time is the most
19 valuable here in the courtroom.

20 Mr. Blumenfeld.

21 MR. BLUMENFELD: Your Honor, on that note, I
22 did raise, before the jury came in, the 510-K's. My
23 recollection of the way that played out is that Smith &
24 Nephew moved to exclude its 510-K's as not relevant to
25 infringement. Our response was that neither side's

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1 510-K's should get in. Theirs wouldn't come in on
2 infringement, ours wouldn't come in on validity, because
3 neither side's were relevant.

4 The Court's order said "parties' 510-K's"
5 wouldn't be admitted. We still do have that issue, because
6 I think Mr. Hebert -- at least he didn't say that he wasn't
7 going to try to use that with Mr. Eggers tomorrow.

8 THE COURT: All right. I looked at my order,
9 because I don't use a whole lot of words, my order isn't
10 always very helpful. I would almost have to go back and
11 look at the actual motions in limine to see how it played
12 out. Before I do that, Mr. Hebert, perhaps you can replay
13 for me the scenario in which you think Smith & Nephew
14 should be allowed to present this evidence.

15 MR. HEBERT: Yes, your Honor. Referring to
16 the motion in limine, this is addressed in Footnote 1 of
17 our motion, in which we draw the contrast between the
18 different uses and the different relevance or lack of
19 relevance between the 510 submissions.

20 510-K submissions require that the applicant
21 who is submitting something to the FDA say whether --
22 they have to be substantially equivalent to some prior
23 device. The words substantially equivalent, that term is
24 a loaded term which has a very, very different meaning in
25 the patent infringement case context than it does in the

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1
2 PROCEEDINGS
3
4 (Proceedings commenced in the courtroom,
5 beginning at 9:30 a.m., and the following occurred without
6 the presence of the jury.)
7
8 THE COURT: I know you've got issues. Someday
9 I'm going to make a decision and we can all move on and
10 nobody writes me letters again and again and again about
11 the decision I've made.
12 The only issue I want to hear about, the only
13 issues I want to hear about are issues regarding opening
14 statements. There are issues about opening statements. I
15 will hear them now. Otherwise, we will bring the jury in
16 and we will have opening statements and then we will
17 recess briefly to have a discussion about the issues for
18 the first witness.
19 So opening statements.
20 MR. BLUMENFELD: Your Honor, we don't have any
21 issues for opening statements.
22 MR. MARSDEN: Your Honor, the only issue that
23 we did send was renewing our argument on secondary
24 consideration. Of course, our concern was once there's
25 an opening on the copying issue, the prejudice will be

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1 done. And we've set forth some additional reasons setting
2 principally out things we'll have to bring out in our case
3 to rebut that copying evidence and testimony. For that
4 reason, we renew our request that they be excluded.

5 THE COURT: The problem is it was filed
6 yesterday at 4:30 and I just received it walking in.
7 Therefore, I'm not prepared to address your argument.

8 Let's hear from ArthroCare as to what -- how
9 much the copying issue is going to be highlighted in the
10 opening statement of ArthroCare, if at all.

11 MR. BOBROW: Good morning, your Honor.

12 We do intend to introduce the subject of
13 Smith & Nephew's interest in ArthroCare. Their approach
14 to ArthroCare back in 1998. And we also intend to show
15 pictures of one or two documents. I don't think anything
16 more than that. It will simply show Smith & Nephew had
17 knowledge of our patents and were interested in ArthroCare.
18 We're not going to show any lab notebooks. We're not going
19 to show any information like that in the opening statement,
20 but we do want to give the chronological story that we
21 believe the facts will demonstrate during the course of
22 the trial.

23 THE COURT: So what kind of documents are you
24 going to show during opening because, obviously, there must
25 have been agreement by Smith & Nephew, because you're not

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1 talk to a number of orthopedic surgeons who were
 2 practicing in the field of arthroscopy, to hear their
 3 point of view on what was deficient, what improvements
 4 would they like to see.
 5 Q. And what did you determine orthopedic surgeons
 6 would want from a device?
 7 A. Well, one of the problems that, and I will try to
 8 visualize it, if this is the knee joint and the two bones
 9 on either side of the joint, which, of course, are
 10 designed to move, there's a pad in between there. It's a
 11 cartilage-type material. It's a material that over time,
 12 whether it's a sports injury, an accident, wear and tear
 13 with age, too much jogging on hard surfaces, whatever,
 14 that -- that pad gets damaged, sometimes torn, sometimes
 15 frayed, and so there's a very close space. And one of
 16 the problems is getting instruments in and being able to
 17 repair that without damaging surrounding tissues, to do
 18 it in preferably an isotonic saline, and to do it
 19 efficiently so that the procedure does not take too long.
 20 And one of the problems with the existing
 21 instruments is to get access, often they had to use one
 22 instrument to go in from one direction and then perhaps
 23 the same or a different instrument to come in from another
 24 direction. It was hard to gain access to this operative
 25 site.

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1 Furthermore, there was the problem of bleeding,
 2 which the mechanical instruments did not address and often
 3 required then that when they are in the middle of a
 4 procedure and they run into bleeding, they would have to
 5 take their instrument out, their shaving or their biting,
 6 cutting instrument, which was a mechanical device only,
 7 was not capable of sealing the blood vessel, and then go
 8 back in with an electrosurgery instrument and apply power
 9 to that spot to see if they could seal the bleeder, take
 10 that instrument out, come back in.
 11 So this repetitive process made the procedure
 12 long, made it expensive because they had to maybe open
 13 three or four or five different devices, which are
 14 considered disposable, meaning they can only use them
 15 for that procedure and they would have to discard them.
 16 So there were matters of time, there were
 17 matters of cost, there were matters of complexity of the
 18 procedure and also the finished product of the procedure,
 19 what they really wanted is something that would be smooth
 20 and sculpted so that the tissue that was being worked on
 21 would be most amenable to being preserved under further
 22 use and not continue to break down or tear under normal
 23 operation of, say, walking.
 24 Q. Now, after you determined what the goals of that
 25 device were that you were trying to develop, did you

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1 actually look at the conventional electrosurgical devices
 2 that were available at that time?
 3 A. Yes, we did.
 4 Q. Did those devices accomplish goals that you were
 5 trying to achieve?
 6 A. No, they did not.
 7 Q. And why not?
 8 A. Well, the conventional monopolar electrosurgical
 9 devices --
 10 Q. And Dr. Eggers, would it be helpful to illustrate
 11 your testimony if you had an opportunity to draw on the
 12 board?
 13 A. Yes, with the permission -- with your permission.
 14 THE COURT: Certainly, as long as you keep
 15 your voice up when you step down.
 16 THE WITNESS: Pardon?
 17 THE COURT: As long as you keep your voice up
 18 when you step down.
 19 THE WITNESS: Yes. I got you that time.
 20 THE COURT: All right.
 21 (At this point the witness stepped down from
 22 the witness stand and approached the easel.)
 23 MR. HEBERT: Excuse me, your Honor. May I?
 24 THE COURT: Oh, absolutely.
 25

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1 BY MR. DEMASI:
 2 Q. Now, can you explain to the jury generally the
 3 conventional types of electrosurgery devices that were
 4 available at that time?
 5 THE COURT: That goes for the lawyer as well.
 6 MR. DEMASI: I'm sorry.
 7 THE COURT: Okay.
 8 THE WITNESS: Well, I will divide this into
 9 two sides and I will explain these terms in a minute.
 10 Monopolar and bipolar. And both of these are
 11 what we're referring to as electrosurgery devices.
 12 Can everyone hear me okay? Is that loud
 13 enough?
 14 THE COURT: The jury and the Court Reporter are
 15 the most important people.
 16 MR. DEMASI: A little bit louder.
 17 THE WITNESS: Okay.
 18 BY MR. DEMASI:
 19 Q. So can we start with monopolar?
 20 A. Yes. So we'll start with monopolar and I will draw
 21 it in two parts. First remember the patient, drawn with
 22 this diagram, and there's a return electrode and a
 23 monopolar, conventional monopolar surgery, there's a pad
 24 that's placed exterior to the body on the back or side,
 25 depending on where the procedure is being done. And then

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1 there's a second electrode, which a surgeon holds, and
 2 brings it in contact with the tissue, and I will draw that
 3 up above here.
 4 And what is happening is that this monopolar
 5 electrode -- mono meaning one, one electrode -- connected
 6 to a generator, I will indicate with the letter G, which
 7 completes the circuit, that when the high voltage is
 8 applied and this electrode is brought close to the tissue,
 9 which I will indicate with a T, that there is very intense
 10 concentration of current right here (indicating) and a lot
 11 of heating as the current actually passes into the tissue
 12 and makes its way down through the patient's body to that
 13 return electrode that's exterior to their body.
 14 Q. This is in air?
 15 A. Yes. As I've shown it here, this would be in an
 16 operating room setting, so this would be in air.
 17 Q. Did this monopolar device work in saline requirement?
 18 A. Now, the problem, if this was operated in saline.
 19 These blue lines I will mark as current. I will mark as
 20 current flux lines making their way down to the return
 21 electrode.
 22 If you put saline in here, now, what
 23 unfortunately would happen is there would be a tremendous
 24 amount of current because the saline is electrically
 25 conductive. That would flow from this electrode, not just

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1 at the pinpoint area where they wanted the current to be
 2 applied and where the cutting action was occurring, but
 3 they would cause unwanted damage because the currents
 4 would flow quite extensively.
 5 Q. And where would that damage be?
 6 A. That damage would be all around the vicinity and it
 7 may even be to other structures that were nearby to either
 8 side or behind.
 9 Q. Okay. And the bipolar?
 10 A. Well, the conventional bipolar and the most common
 11 of the conventional bipolar was in the form of -- of a
 12 forceps. Think of it was a tweezers.
 13 And now you have an electrode on either side
 14 of the tissue. I'm changing colors here, but -- and in
 15 this bipolar range, this could be air. It could even be
 16 a fluid around here. But what's really happening is with
 17 this bipolar arrangement, the current is flowing from one
 18 electrode to the other through the tissue.
 19 Q. Now, in this arrangement, did this bipolar device
 20 meet the goals of the device that you were trying to develop
 21 for arthroscopy?
 22 A. No. This device did not meet the requirements because
 23 what we were attempting to do was, if I could just take --
 24 we might have this cartilage I talked about, which might
 25 have a tear in it, and in between this very close space,

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1 spaces of the joint. And what we were challenged with
 2 doing is coming up with a device that could get into this
 3 very close space and very carefully and very smoothly and
 4 without bleeding remove this section of tissue, leave this
 5 now intact so it wouldn't tear further.
 6 And this device is really designed for sealing
 7 blood vessels. It really wasn't designed for sculpting.
 8 And this device was designed for cutting and it wasn't
 9 suitable to use in an electrically conducting fluid, the
 10 joint of the knee or the shoulder.
 11 MR. DEMASI: Thank you.
 12 I think you can go back up on the stand,
 13 please.
 14 (At this point the witness then resumed the
 15 witness stand.)
 16 BY MR. DEMASI:
 17 Q. So, Mr. Eggers, did you and Dr. Thapliyal come up
 18 with any ideas for devices that would satisfy all the
 19 goals that you were trying to satisfy?
 20 A. Yes, we did.
 21 Q. And, Mr. Eggers, please turn to PX-518 in your book
 22 of exhibits in front of you?
 23 And could you tell me what PX-518 is?
 24 A. PX-518 is two pages, and they're my handwritten
 25 notes, dated February 19th, 1993.

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1 Q. And did you create those notes in the normal course
 2 of your work?
 3 A. Yes, I did.
 4 MR. DEMASI: Your Honor, I offer PX-518 into
 5 evidence.
 6 THE COURT: Any objection?
 7 MR. HEBERT: No, your Honor.
 8 THE COURT: Thank you.
 9 *** (Plaintiff's Exhibit No. 518 was received into
 10 evidence.)
 11 MR. DEMASI: Chris, could you please put up the
 12 drawing?
 13 BY MR. DEMASI:
 14 Q. Mr. Eggers, this is the second page of PX-518.
 15 Could you please describe the various parts,
 16 and I think you have a laser pen.
 17 A. Yes.
 18 Q. Could you please describe the various parts of that
 19 device that is drawn on the top part of that page?
 20 A. First of all, this region right here (indicating) is
 21 a probe, but I will -- what I will refer to as a probe,
 22 and it is made up of an active electrode, that's this
 23 central member, which has a heavy black line around the
 24 outside, which is an insulation layer. So essentially it's
 25 an insulated wire, but it's a single electrode, active

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1 electrode.
 2 And when I refer to the term active, what
 3 that's referring to is that this is the portion of the
 4 probe where we are going to have an intended or purposeful
 5 effect on the tissue that we're going to come in proximity
 6 with.
 7 Recessed back, and it's shown here to be, if
 8 you can read this writing, one-tenth to two-tenths of an
 9 inch, so a fraction of an inch set back is a second
 10 member, this sleeve, because you're looking at a
 11 cross-section. So this is a cylindrical sleeve around
 12 this wire and described as a metal tube, and that's the
 13 return electrode.
 14 Q. What is a return electrode?
 15 A. A return electrode in contrast to an active
 16 electrode is an electrode that is designed to have a lower
 17 current density and to minimize or to have no effect on
 18 any tissue that it might be near or even incidentally come
 19 in contact with.
 20 Q. Now, how was this device used?
 21 A. Okay. As shown on the lower part of the -- of the
 22 illustration, there's a dish and filled with saline, a
 23 laboratory dish. Picture something about this big in
 24 diameter (indicating), perhaps two or three inches high,
 25 and it has a specimen. In this case, the specimen was

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1 cow cartilage, sometimes referred to as miniscus, this
 2 pad between the joints of our human knee, for example,
 3 but from a cow, selected because it had very similar
 4 characteristics.
 5 This probe would be brought down into the
 6 solution and submerged so that this entire -- this isn't
 7 drawn necessarily to scale, but so that the return
 8 electrode and the tip of the electrode would all be
 9 essentially under the saline.
 10 Q. And how would the current flow in that device?
 11 A. And the current would flow from this active electrode
 12 surface, this bare surface I'm now pointing to, back to
 13 the return electrode, as I'm drawing these current flux
 14 lines and in the process of doing that, cause tissue
 15 removal even.
 16 Q. Did there ever come a time where you actually built
 17 a device that looked similar to PX-5187
 18 A. Yes, there did.
 19 MR. DEMASE: Your Honor, may I approach the
 20 witness?
 21 THE COURT: Yes, you may.
 22 BY MR. DEMASE:
 23 Q. Mr. Eggers, I am handing you what has been marked as
 24 PX-232. Can you please tell me what it is?
 25

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1 A. This is an early prototype of a single electrode probe.
 2 ---
 3 Q. Were you involved in making that probe?
 4 A. Yes, I was.
 5 Q. Where was that probe made?
 6 A. In Dublin, Ohio, in my laboratory.
 7 MR. DEMASE: Your Honor, I offer PX-232 into
 8 evidence.
 9 MR. HEBERT: No objection.
 10 DEPUTY CLERK: So marked.
 11 THE COURT: Thank you.
 12 *** (Plaintiff's Exhibit No. 232 was received into
 13 evidence.)
 14 BY MR. DEMASE:
 15 Q. Mr. Eggers, can you please describe the various
 16 parts of that probe to the jury? And I realize it's small.
 17 A. Right.
 18 MR. DEMASE: Your Honor, can we have permission
 19 to just --
 20 THE COURT: Certainly.
 21 MR. DEMASE: -- move a little closer to the jury
 22 and explain it?
 23 (At this point the witness stepped down from the
 24 witness stand and approached the jury box.)
 25 THE WITNESS: Actually, if I hold it this way,

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1 it will be in the same orientation as you see up on the
 2 board.
 3 At the tip of my finger is the active electrode,
 4 which is that lower portion that I have just pointed to. I
 5 will pass this.
 6 THE COURT: Can you hear? Not for me, for the
 7 Court Reporter.
 8 THE WITNESS: The lower electrode at my finger
 9 tip is the lower part that you see up on the figure on the
 10 board and recessed back from that active electrode is
 11 this larger cylindrical tube, which is the so-called
 12 return electrode. And in use, as this is submerged under
 13 electrically conducted fluid, current would flow from
 14 this very tip, where my finger is located, through the
 15 electrically conducting liquid to this larger cylindrical
 16 sleeve that you see, which is the return electrode, and
 17 where the action would occur in terms of volumetric
 18 removal. If this was actually energized, as I did this,
 19 it would remove tissue from the end of my finger.
 20 MR. DEMASE: Your Honor, may I pass may I pass
 21 PX-232 to the jury?
 22 THE COURT: Yes, you may.
 23 (Exhibit passed to the jury).
 24 MR. DEMASE: Go back, please.
 25 (At this point the witness then resumed the

1 BY MR. DEMASE:
 2 Q. During opening, Mr. Marsden referred to the '882
 3 patent, which is this patent, as the patent that requires,
 4 that is the multiple electrode patent.
 5 Mr. Eggers, could you please read aloud the
 6 paragraph that is highlighted there?
 7 A. It states, It should be clearly understood that the
 8 invention is not limited to electrically isolated electrode
 9 terminals, or even to a plurality of electrode terminals.
 10 For example, the array of active electrode terminals may
 11 be connected to a single lead that extends through the
 12 probe shaft to a power source of high-frequency current.
 13 Alternatively, the probe may incorporate a single
 14 electrode that extends directly through the probe shaft or
 15 is connected to a single lead that extends to the power
 16 source.
 17 Q. And what did you mean by that?
 18 A. It means what it states: That our invention was
 19 intended to cover single electrodes or multiple electrodes.
 20 Q. Okay. Now I'd like to get back to where we left
 21 off here before the break, and that is with the founding
 22 and growth of ArthroCare.
 23 When was ArthroCare founded?
 24 A. In May of 1993.
 25 Q. And who were the principal co-founders?

1 A. Hira Thapliyal and I were the principal co-founders.
 2 Q. And where did you get the money to actually create
 3 ArthroCare?
 4 A. Well, initially, we used our own money to do the
 5 early research and development and during the early months
 6 or early half of 1993 and the last half of 1992, but in
 7 the latter part of 1993, we were able to interest outside
 8 investors, again referred to often as venture capitalists,
 9 a company that was interested in, a firm that was
 10 interested in investing in our ideas.
 11 Q. And what was the purpose of creating ArthroCare?
 12 A. The purpose of creating ArthroCare was to take our
 13 ideas and our patents that were then filed and to develop
 14 them, to take them through the regulatory process, to take
 15 them through the commercialization process, which means we
 16 had to come up with a device that was regulatory
 17 approvable and manufacturable and acceptable to the
 18 positions and all of those steps take considerable
 19 investment, which was beyond what Hira and I were prepared
 20 to invest.
 21 Q. When you founded ArthroCare, how many employees did
 22 it have?
 23 A. Two employees.
 24 Q. Who were there?
 25 A. Hira Thapliyal and his technician.

1 Q. And ArthroCare, did it have an office?
 2 A. Yes. It had an office in the San Francisco Bay area.
 3 Q. An it have manufacturing facilities?
 4 A. No.
 5 Q. Did it have a sales force?
 6 A. No.
 7 Q. Did it have a product?
 8 A. Not at that stage.
 9 Q. Did it have any revenues?
 10 A. None.
 11 Q. What was your role at ArthroCare at that time?
 12 A. My role was really heading up the research and
 13 development. As I described earlier, that's what my
 14 consulting firm does, and my firm, Eggers & Associates,
 15 really served not as an employee of ArthroCare, but as
 16 a consulting firm who did the development work in our
 17 laboratory, and we took the early concepts that Hira and
 18 I had. We had a laboratory already in place, so it was
 19 a way for ArthroCare to quickly begin doing research and
 20 development without waiting until staffing up, building
 21 up their own facilities.
 22 Q. And where did you do these experiments?
 23 A. They were actually done in my laboratory in Dublin,
 24 Ohio.
 25 Q. And where is that laboratory?

1 A. At that time it was in the basement of my home.
 2 Q. And Dr. Thapliyal, did he do any experiments?
 3 A. Yes. He did some independently and in collaboration
 4 with me.
 5 Q. And where did he do those experiments?
 6 A. Initially, in his home, I think I recall in his
 7 kitchen sink.
 8 Q. How long did you do research and development for
 9 ArthroCare?
 10 A. Between five and six years.
 11 Q. And why was it that you stopped doing research and
 12 development for ArthroCare?
 13 A. Well, over time as ArthroCare matured as a company,
 14 they would, and it was the intention all along that they
 15 would build up their own research and development
 16 organization and hire engineers and have people that were
 17 then quite expert in building prototypes, doing testing,
 18 and so my role diminished over time as other than working
 19 on the very advanced concepts but, for the most part, our
 20 work tapered off at probably the end of 1999.
 21 Q. And are you still a consultant for ArthroCare?
 22 A. Yes, I am.
 23 Q. And what does that now involve?
 24 A. Dealing with legal matters.
 25 Q. Are you being compensated -- is that legal matters

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1 would be like this case, for example?
 2 A. Correct.
 3 Q. Are you being compensated for the work that you --
 4 for the time you're spending on this case?
 5 A. Yes, I am.
 6 Q. And at what rate?
 7 A. My rate for my firm is \$200 per hour.
 8 Q. Is that your normal consulting rate?
 9 A. Yes, it is.
 10 Q. Were you ever a shareholder of ArthroCare?
 11 A. Yes.
 12 Q. Are you currently a shareholder of ArthroCare?
 13 A. Yes, I am.
 14 Q. Going back to the early days of ArthroCare, did
 15 there ever come a time where ArthroCare actually started
 16 to sell products that embodied your invention?
 17 A. Yes, there was.
 18 Q. And when was that?
 19 A. The latter part of 1995.
 20 Q. Did you ever have a formal launch of Arthrocare's
 21 products?
 22 A. Yes, we did.
 23 Q. And when was that?
 24 A. That was in February of 1996.
 25 Q. And where was that?

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1 A. That was on the occasion of the Academy of
 2 Orthopedic Surgeons, that was in that particular year in
 3 San Francisco.
 4 Q. What were the sales of Arthrocare's products in
 5 1995?
 6 A. I recall they were in the neighborhood of 200,000.
 7 Q. And how about in 1996?
 8 A. Over 6 million.
 9 Q. Did you ever take ArthroCare public?
 10 A. Yes, we did.
 11 Q. And what does it mean to take a company public?
 12 A. To take a company public, I mentioned earlier that
 13 we sought in May of 1993 private investors, venture
 14 capitalists, which means that only certain individuals
 15 at that point could invest in the company besides stock
 16 ownership that the founders like Thapliyal and I had.
 17 But when you go public, it means that any person who
 18 would pick up and would pursue or learn about ArthroCare
 19 could buy its stock through the Stock Exchange, through
 20 their stock broker, through the Internet even.
 21 So taking it public means it's now publicly --
 22 publicly owned, publicly traded. Prior to that it was
 23 closely held by just the investors and the founders.
 24 Q. And when did you take ArthroCare public?
 25 A. February of 1996.

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1 Q. And at that time, how many employees did ArthroCare
 2 have?
 3 A. To the best of my recollection, perhaps 50 or 60
 4 employees.
 5 Q. Mr. Eggers, are you proud of the inventions that you
 6 created?
 7 A. Yes, I am.
 8 Q. And why is that?
 9 A. Well, ArthroCare was the, really the -- the fruit of
 10 25 years of labor on my part, working in the
 11 electrosurgical area alone and 30 years at that point of
 12 doing research and development on medical devices. And
 13 so, you know, after all those years to see something go
 14 from my basement and Hira's kitchen and our ideas and our
 15 passion to develop something that would be useful in the
 16 medical field, and to have it be a product that's now sold
 17 worldwide and have 500 employees and created a lot of jobs
 18 in the process is gratifying.
 19 MR. DeMAST: Your Honor, I have no further
 20 questions at this time.
 21 THE COURT: All right. Thank you.
 22 MR. HEBERT: Thank you, your Honor.
 23 In view of the fact that this is also Smith &
 24 Nephew's direct, could your Honor perhaps mention that to
 25 the jury or should I?

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1 THE COURT: I think probably you should because
 2 I'm not sure what you want me to mention, so go ahead.
 3 MR. HEBERT: Yes. Good afternoon.
 4 My name is mark Hebert and I am one of the
 5 attorneys representing Smith & Nephew.
 6 And Mr. Eggers here has been called as a
 7 witness to testify by both parties, by both ArthroCare
 8 and by Smith & Nephew. So in order to accommodate his
 9 schedule, the parties have agreed that we would do all
 10 of the examination of Mr. Eggers at the same time. So
 11 this will be, in addition to cross-examination, Mr.
 12 Eggers will also be testifying as a witness for Smith &
 13 Nephew in Smith & Nephew's case.
 14 CROSS-EXAMINATION
 15 BY MR. HEBERT:
 16 Q. Good afternoon, Mr. Eggers.
 17 A. Good afternoon, Mr. Hebert.
 18 Q. We have met before in connection with your deposition;
 19 is that correct?
 20 A. Yes, we have.
 21 Q. I'd just like to ask a few questions regarding your
 22 background and the history of ArthroCare and your
 23 inventions. Okay?
 24 A. Yes.
 25 Q. First of all, you're not a medical doctor or physician;

1 A. Yes.
 2 Q. You have them. Thank you.
 3 You testified a few moments ago about a single
 4 electrode embodiment in the '882 patent. Do you recall
 5 that?
 6 A. Yes.
 7 Q. All right. Do you recall whether -- and please feel
 8 free to look at the claims of the '882 if you need, to
 9 answer this, but do you recall whether the '882 patent is
 10 directed to the apparatus of the device itself or is
 11 instead directed toward the method of using an apparatus?
 12 A. Well, all of the claims, I don't know if this is
 13 responsive to your question, but all of the claims in
 14 '882 are related to a method.
 15 Q. A method of using a device?
 16 A. Correct.
 17 Q. Rather than the device it's; right?
 18 A. Correct.
 19 Q. I'd like to turn now to some of your history before
 20 you came up with the specific inventions that are covered
 21 by these three patents, if that's all right.
 22 A. Okay.
 23 Q. Okay.
 24 MR. HEBERT: Gary, would I be able to get Page
 25 1 of the '592 patent, please?

1 And would you be able to show the related
 2 application data?
 3 BY MR. HEBERT:
 4 Q. Now, since you have 116 patents, you've gained some
 5 familiarity with the Patent Office and its systems; right?
 6 A. 119.
 7 Q. I'm sorry. My apologize.
 8 A. That's okay.
 9 Q. The front page of every patent lists any related
 10 U.S. application data that might apply to that patent;
 11 right?
 12 A. That's correct.
 13 Q. Okay. And that application data refers to the
 14 prior applications that are related to that particular
 15 patent; right?
 16 A. Correct.
 17 Q. So the related application data that we have in
 18 front of us right here is the related application data
 19 for the '592 patent; right?
 20 A. Yes, that's what it says.
 21 MR. HEBERT: Gary, could you highlight the
 22 last two lines of that, please?
 23 BY MR. HEBERT:
 24 Q. So the first patent application on which the '536
 25 patent is based was filed on January 7, 1992, and it had

1 a Serial No. 817,575; right?
 2 A. I have to accept what's written there, because I
 3 cannot remember that number without referring to the
 4 actual application itself. But that's what it says.
 5 Q. I have the application for you --
 6 A. Okay.
 7 Q. -- if you'd like it.
 8 MR. HEBERT: Your Honor, we have a number of
 9 exhibits for Mr. Eggers. Would it be the Court's
 10 preference to hand them up one at a time or we do have a
 11 set of binders that we could use.
 12 THE COURT: It's fine to hand up binders.
 13 Sometimes it's difficult for a witness to manage them, so
 14 how many binders are we talking about?
 15 MR. HEBERT: Four.
 16 THE COURT: I think you should do it one at a
 17 time, then, in that case.
 18 MR. HEBERT: May I have 309?
 19 (Mr. Hebert handed Defendant's Exhibit No. 309 to
 20 the witness.)
 21 BY MR. HEBERT:
 22 Q. Mr. Eggers, I've just handed you what has been marked
 23 as DTX-309 and I ask you if you can identify that as the
 24 first patent application relating to your '592 patent;
 25 namely, the one that was filed on January 7, 1992?

1 A. Yes. It does correspond to what's highlighted there
 2 in yellow.
 3 Q. Okay. The invention that's described in that
 4 particular application, the one that was filed in January
 5 of 1992, is an invention related to something known as
 6 angioplasty; is that correct?
 7 A. That's correct.
 8 Q. Instead of electrosurgery; right?
 9 A. No. This device was actually an electrosurgical
 10 device. It had current flow through the tissue to create
 11 an intended and purposeful effect.
 12 Q. What is the field of angioplasty related to? Is
 13 that related to work on shoulder joints or knee joints or
 14 taking tissue away from the skin or the gums?
 15 A. No. Angioplasty is related to the field of treating
 16 diseased vessels within the body, whether they're in the
 17 heart, which would be coronary arteries, or in the
 18 peripheral vessels of the arms, more often the legs, and
 19 usually to treat partial or total occlusions in those
 20 vessels.
 21 Q. To clear occlusions in arteries?
 22 A. Correct.
 23 Q. What is an occlusion? Is that a blockage or partial
 24 blockage?
 25 A. It's a blockage and is often referred to as plaque,

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1 your recollection in connection with the deposition that
 2 I took for you in Columbus, Ohio on October 15th.
 3 A. Yes.
 4 (Mr. Hebert handed a deposition transcript to
 5 the witness.)
 6 BY MR. HEBERT:
 7 Q. Now, Page 177, if you would, please.
 8 MR. HEBERT: Could I have Page 177, Gary?
 9 BY MR. HEBERT:
 10 Q. And does this refresh your recollection that Mr.
 11 Garvey knew about your work in the angioplasty field when
 12 he suggested that it might be applicable to arthroscopy?
 13 ...
 14 A. It does refresh my memory. I think the point is we
 15 were not working in any joint way. He knew that I was
 16 working on something else.
 17 ...
 18
 19
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 21
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1
 2 A. (Continuing) He knew that I was working on something
 3 else with Hira, but it was my close working relationship
 4 with him was at Hemostatic Surgical Corporation, where
 5 we've all been, development of other surgical instruments.
 6 Q. So Mr. Garvey knew about your work at angioplasty
 7 and suggested that there was a growing market opportunity
 8 in arthroscopy and that you should try to apply your
 9 technology in that area; is that right?
 10 A. Well, I think I would want to broaden the statement
 11 that Bob Garvey knew me most closely as my work on
 12 electrosurgical instruments that I was developing at
 13 Hemostatic Surgical Corporation when he was Marketing
 14 Vice President and so it's really my work in that area
 15 that -- that prompted his knowledge of me and his contact
 16 with me. It was coincidental that he may have known we're
 17 doing angioplasty, but there's very little relationship
 18 between the angioplasty work and what we ultimately did
 19 in arthroscopy.
 20 Q. Except that you claimed priority for those patents
 21 on these patents; right?
 22 A. Our patent counsel felt that that was appropriate.
 23 Q. Okay. Was that Mr. Ralph or Mr. --
 24 A. At that time, that would have been James Heslin
 25 (phonetic).

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1 Q. Mr. Heslin was your first patent attorney?
 2 A. That's right.
 3 Q. Mr. Ralph was your second patent attorney?
 4 A. Well, Mr. Ralph was part of Townsend & Townsend,
 5 based in Palo Alto, California and so eventually the level
 6 of our work required two counsel -- two counsel members
 7 from Townsend & Townsend, so they were both working
 8 together for a period of time.
 9 Q. Okay. And then Mr. Ralph took over for Mr. Heslin;
 10 right?
 11 A. Mr. Ralph was actually -- joined ArthroCare as their
 12 in-house patent counsel.
 13 Q. And that is when he took over the prosecution of
 14 your patents?
 15 A. Correct.
 16 Q. But, in any event, the idea to use your angioplasty
 17 invention in arthroscopy was prompted by Mr. Garvey's
 18 suggestion to get into arthroscopy; right?
 19 A. No, I don't think it fairly states that -- that it
 20 was our -- it was coincidental that we were working on
 21 angioplasty. In fact, if arthroscopy, if we hadn't come
 22 up with a good idea in arthroscopy, we might have gone back
 23 and pursued our interest in angioplasty. I think all of
 24 my previous experience in electrosurgery product
 25 development was the precursor or led to the work we did in

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1 angioplasty -- in arthroscopy, excuse me, not the
 2 angioplasty work alone.
 3 Q. When did you have your discussion with Mr. Garvey?
 4 Was that early January 1993?
 5 A. No it was in June, I recall, of 1992.
 6 Q. June 1992?
 7 Did something significant in the history of
 8 your work in electrosurgery happen on January 23rd, 1993?
 9 (Pause.)
 10 THE WITNESS: Yes. Based on my records and
 11 notations of my experimental work, that date of January
 12 23rd, 1993 coincides with the first time I achieved this
 13 tissue removal by this process that appeared very, very
 14 different from anything I had seen before in conventional
 15 electrosurgery.
 16 Q. I'd like to hand you two documents marked as DTX-652
 17 and 653 (handing exhibits to the witness).
 18 Can you tell us what Exhibit 652 is, please?
 19 A. Exhibit DTX-652 is handwritten notes in my
 20 handwriting, dated January 23rd, 1993, describing a -- an
 21 experiment or a test performed in my laboratory involving
 22 cutting cartilage and actually removing tissue.
 23 Q. Was this cartilage that you had obtained from a
 24 piece of chicken?
 25 A. Correct.

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1 Q. Okay. Could you tell us what -- Exhibit DTX-653
 2 relates to that very same experiment; right?
 3 A. Yes, it does.
 4 Q. And you wrote it on the very same day, January 23rd,
 5 1993; correct?
 6 A. Correct.
 7 MR. HEBERT: I would move in 652 and 653.
 8 MR. DEMASE: No objection, your Honor.
 9 THE COURT: Thank you.
 10 DEPUTY CLERK: So marked.
 11 *** (Defendant's Exhibits No. 652 and 653 were
 12 received into evidence.)
 13 MR. HEBERT: Can we have DTX-652, Gary?
 14 THE WITNESS: I would comment that the exhibit
 15 he handed me, I know a more complete exhibit was supplied
 16 subsequently to defendant's counsel, that part of this
 17 exhibit is missing.
 18 BY MR. HEBERT:
 19 Q. Thank you. I appreciate that. I think you may
 20 actually be referring to a letter on this edge here?
 21 A. Well, there's a bottom line missing and there's a
 22 top line that shows the completion of the connection of
 23 the circuit between the HP3400 AR&S volt meter and the
 24 electrode.
 25 Q. Okay. So there should be a line up here?

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1 A. Right, because that's a single electrode on top.
 2 Q. This line up appears a single electrode (indicating)?
 3 A. That's correct.
 4 Q. And is this the piece of chicken miniscus
 5 (indicating)?
 6 A. That's correct.
 7 Q. Does this represent the high-frequency generator?
 8 A. Yes.
 9 Q. And is this a bowl that the piece of chicken was put
 10 in?
 11 A. No. That's just an illustration because this was
 12 cartilage that was still, in some cases still connected
 13 to the anatomy of the chicken, so it was more extensive
 14 than just the cartilage.
 15 Q. More than cartilage?
 16 A. Right.
 17 Q. But this was simply an open bowl that you used;
 18 right?
 19 A. That was in an open bowl filled with electrically
 20 conducting fluid. In this case, saline.
 21 MR. HEBERT: Could we get 653 back?
 22 BY MR. HEBERT:
 23 Q. And this is the record of invention that you wrote
 24 up on January 23rd, 1993; correct?
 25 A. That's correct.

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1 Q. And what you wrote up in your record of invention
 2 was that by using, is that word much or such small
 3 electrodes?
 4 A. That is much, but the word E.R., the letters E.R.
 5 are left off of small. It should be by using much smaller
 6 electrodes.
 7 Q. Thank you.
 8 In a multiplicity of electrodes, it has been
 9 demonstrated that ablation can be performed at much lower
 10 voltage levels.
 11 Now, as of the time that you did this
 12 experiment on January 23rd, 1993, you had used multiple
 13 electrodes in angioplasty; right?
 14 A. Correct.
 15 Q. But you had not yet actually used multiple electrodes
 16 in your ablation work; right?
 17 A. Not to my recollection.
 18 Q. But you knew, based on your angioplasty work, that
 19 what you learned there about utility of the multiple small
 20 electrodes would be useful in your ablation work; right?
 21 A. Well, not really because the -- all of the work in
 22 angioplasty was operating at much, much lower voltages so
 23 that the only effect that was being created was a slight
 24 warming of the tissue to soften the plaque or this
 25 occlusion that you showed earlier in the illustration so

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1 that when that plaque was warmed by the current flowing
 2 through it, it would soften and this device that had kind
 3 of a round bullet nose on the front of it could be pushed
 4 through.
 5 That was -- that was a very different process.
 6 So the only similarity between the angioplasty and the
 7 arthroscopy is that some of our embodiments had more than
 8 one electrode, but there was no tissue removal which was
 9 the purpose of this experiment which made it dramatically
 10 different from anything that we had heretofore considered
 11 or even wanted. The last thing we wanted to do in
 12 angioplasty was to start vaporizing or turning into a gas
 13 that is the plaque or the occlusion because that would
 14 create an embolism.
 15 Q. The angioplasty did not relate to ablation; right?
 16 This word here, ablation (indicating)?
 17 A. That's correct.
 18 Q. Okay. So as of the date you wrote this, by using
 19 much smaller electrodes and a multiplicity of electrodes,
 20 it has been demonstrated that ablation can be performed
 21 at much lower voltage levels, you had not actually done
 22 an experiment that demonstrated that ablation could be
 23 performed with a multiplicity of electrodes; right?
 24 A. Right. We had only -- I had only demonstrated one
 25 electrode of a multiple electrode array.

1 Q. And that was --
 2 A. Since this was a very small wire. So I think, you
 3 know, to the best of my recollection, since this was
 4 written over ten years ago, I was anticipating the ensemble
 5 or array of that single electrode that I had tested and
 6 its multiplicative effect of using many of them to be
 7 going over the tissue, which would be, of course, a much
 8 more efficient way of removing tissue than having the one
 9 little single wire.
 10 Q. The using many small electrodes to remove the tissue
 11 would be a more effective way than the one single electrode;
 12 right?
 13 A. Yes, where that experiment was concerned. Yes.
 14 Q. So where you say that it has been demonstrated that
 15 ablation can be performed, you really meant that you were
 16 expecting that you'd be able to demonstrate that based on
 17 everything you had done at that point; right?
 18 A. I think that is a fair statement.
 19 Q. Okay. And so you went on at that point and you read
 20 in your record of invention that this invention envisions
 21 the use of multiple electrodes in either monopolar mode
 22 or bipolar mode with electrode tips bearing small radii
 23 of curvature or small size to increase electric field
 24 intensity in proximity to tissue to effect ablation.
 25 That's how you described what your invention

1 envisioned in your record of invention of January 23rd,
 2 1993; right?
 3 A. Correct.
 4 I should point out that below the area that
 5 you highlighted in yellow, it does then specifically refer
 6 to --
 7 MR. HEBERT: Gary, can you back off so we can
 8 see what he's referring to? And could you highlight the
 9 next portion?
 10 THE WITNESS: Now it's referring to that
 11 specific experiment, experiments performed today. Good
 12 ablation of chicken miniscus in vitro in saline.
 13 Miniscus partially above surface of saline. A stainless
 14 steel monopolar electrode was used and good ablation was
 15 achieved at voltages between, and it goes on to talk
 16 about the voltages.
 17 BY MR. HEBERT:
 18 Q. And that describes the experiment that was reported --
 19 A. Right. And shown in the sketch. Right.
 20 Q. And this is your signature on January 23rd, 1993 at
 21 the bottom?
 22 A. Correct.
 23 MR. HEBERT: Your Honor, we have an
 24 Interrogatory Answer I'd like to offer, Exhibit DTX-406.
 25 (Pause.)

1 THE COURT: I take it there's no objection?
 2 MR. DeMASI: I'm sorry.
 3 MR. HEBERT: I was waiting.
 4 MR. DeMASI: I apologize.
 5 BY MR. HEBERT:
 6 Q. Mr. Eggers, I'm handing you what has been marked as
 7 DTX-406.
 8 MR. HEBERT: Your Honor, would you care to
 9 comment to the jury about Interrogatories?
 10 THE COURT: All right. Interrogatories are
 11 questions that are asked before the trial from one party
 12 to another and the answers that are given are given under
 13 oath and so they can be used as evidence in the trial.
 14 All right. Mr. Hebert, however you want to
 15 proceed.
 16 MR. HEBERT: Could I get Exhibit 406? And
 17 I'd like to refer to the portion on the first page, if you
 18 can blow that up a little bit lower and the text paragraph
 19 as well. Okay.
 20 BY MR. HEBERT:
 21 Q. This Interrogatory Answer, this is in the form of a
 22 letter, but this refers to January 23rd, 1993 as both the
 23 date of conception as well as the date of reduction to
 24 practice of these particular claims, Claims 45, 55, 58 and
 25 59 of the '356 patent.

1 Do you see that, Mr. Eggers?
 2 A. Yes, I do.
 3 Q. And the event that occurred on January 23rd, 1993,
 4 is the event that we're talking about, your experiment on
 5 the piece of chicken miniscus with other chicken parts in
 6 the bowl of saline that you performed on January 23rd,
 7 1993, which you wrote up in your record of invention;
 8 right?
 9 A. Right, and the -- and the extension of seeing that
 10 single active electrode to also include its performance in
 11 a conceived array of electrodes.
 12 Q. By extension, you mean your mental realization --
 13 A. Right.
 14 Q. -- and appreciation of that; right?
 15 A. Right. Constructive reduction to practice.
 16 Q. Constructive reduction to practice. That means
 17 that you did not actually make the invention, but you had
 18 it formed concretely in your mind; right?
 19 A. Correct.
 20 Q. While we're on Exhibit 406, if we could turn to the
 21 second page... It's Item No. 3 of the '592 patent. We're
 22 highlighting that part.
 23 Now, the '592 patent was conceived no later
 24 than January 25, 1993, and reduced to practice no later
 25 than February 8, 1993.

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1 And I should correct that. The Claims 1, 4,
2 11, 13, 23, 27, 32 and 34 were conceived and reduced to
3 practice on those dates, not the entire patent.
4 Do you see that?
5 A. Mm-hmm.
6 Q. My question to you, Mr. Eggers, is: As of January
7 25, 1993, or February 8, 1993, the development of your
8 invention had not progressed to the point that it was
9 being used on actual patients; right?
10 A. That's correct.
11 Q. It was only being used in experiments in bowls of
12 saline on various chicken parts; right?
13 A. Correct.
14 Q. It was being performed by you in Ohio as well as by
15 Dr. Thapliyal in California; right?
16 A. Correct.
17 Q. And you would call each other frequently and
18 exchange your notes and observations about your
19 experiments; right?
20 A. Correct.
21 (Mr. Hebert handed Defendant's Exhibit No. 657
22 to the witness.)
23 BY MR. HEBERT:
24 Q. Mr. Eggers, I've handed you DTX-657, and I ask you
25 if you recognize that document?

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1 A. Yes, I recognize it as in the handwriting of Hira
2 Thapliyal, dated February 8th, 1993. Unfortunately, the
3 third page of which, which is ARTC17775, is copied out of
4 alignment on the page. It's not all visible. Is that
5 supposed to be that way?
6 Q. I can help with that. If I may suggest that I
7 believe there are two copies of that same document here,
8 the first copy has the sideways page, but the second copy
9 doesn't. See if that helps you.
10 A. Oh. I see. Further back.
11 Q. Yes.
12 A. Yes. I see later on it is correct.
13 Q. Okay. I apologize for that. That's how we got the
14 document.
15 A. Okay.
16 Q. And this is a Fax that you received from Dr.
17 Thapliyal that he sent to you on February 8, 1993; right?
18 A. Yes. It appears to be that.
19 MR. HEBERT: I'd offer 657.
20 MR. DEMASE: No objection, your Honor.
21 THE COURT: Thank you.
22 DEPUTY CLERK: So marked.
23 *** (Defendant's Exhibit No. 657 was received
24 into evidence.)
25

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1 BY MR. DEMASE:
2 Q. And Dr. Thapliyal was doing a very similar experiment
3 that you had done in late January with a piece of chicken.
4 In his case he used chicken cartilage; right?
5 A. Yes. I think in both cases, they were chicken
6 cartilage.
7 Q. Miniscus is cartilage?
8 A. Miniscus is cartilage.
9 Q. So you were both using the same part of the chicken;
10 right?
11 A. Well, there's cartilage on the back of the chicken
12 as well and that's not considered miniscus, so the point
13 is, fibro cartilage in the chicken is -- appears in
14 several places of its anatomy that has similar
15 characteristics and is suitable to these kind of testing
16 purposes.
17 Q. And this is a drawing that Dr. Thapliyal made of
18 his experiment of using a piece of chicken cartilage in a
19 bowl of saline; right?
20 A. Correct.
21 Q. And he did this on February 8, 1993; right?
22 A. That's the date indicated on this facsimile.
23 ---
24
25

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1
2 Q. We're not going to go through all of the different
3 patent applications, but I think there's one more here
4 that is useful to go through and that would be -- the
5 third one that was filed on May 10, 1993.
6 Do you see that?
7 A. Yes.
8 Q. So that the third application in this chain was
9 filed on May 10, 1993. Do you recall what that application
10 referred to? Was that another angioplasty one or by then
11 had you gotten into the ablation?
12 A. No. That was related to ablation and to initially,
13 I think the scope of that was probably related to
14 arthroscopy.
15 Q. Okay.
16 A. It certainly was ablation or tissue removal.
17 Q. Okay.
18 (Mr. Hebert handed Defendant's Exhibit No. 312
19 to the witness.)
20 BY MR. HEBERT:
21 Q. I've given you what has been marked as DTX-312 and
22 ask you if you can identify that as the application filed
23 on May 10, 1993, which was assigned Serial No. 059,681,
24 the third application in the sequence.
25 A. Yes. The certification on the front attests to

1 the -- to that fact.
 2 Q. Okay.
 3 MR. HEBERT: I offer 312.
 4 MR. DeMASI: Your Honor, no objection.
 5 THE COURT: Thank you.
 6 *** (Defendant's Exhibit No. 312 was received into
 7 evidence.)
 8 BY MR. HEBERT:
 9 Q. If you could turn, Mr. Eggers, to Page 19 of the
 10 application... That would be Page 26 in the document.
 11 A. Yes.
 12 Q. And in describing your invention, you said that a
 13 central aspect of the present invention is the ability of
 14 the probe to deliver high energy flux levels effectively
 15 only to the intended areas. That is the target tissue
 16 and not to surrounding healthy tissue or electrically
 17 conducting fluids. For example, normal saline irrigant.
 18 Such directed energy transfer results in selective heating
 19 of the target tissue which allows the probe to cut, ablate
 20 or recontour the target tissue.
 21 This was -- referring to Figure 4, when the
 22 tip 12 of the probe 10 is pressed against a region of
 23 target tissue 80, some of the electrode terminals 50 will
 24 be in contact with target tissue, while other electrode
 25 terminals may be in contact with electrically conducting

1 Q. And you agreed with it entirely at the time it was
 2 filed?
 3 A. That's correct.
 4 Q. Okay.
 5 A. We're not disagreeing about what I agreed to. It's
 6 what is the meaning of central aspect.
 7 Q. It means at least it was a very important aspect of
 8 the invention; right?
 9 A. Yes.
 10 MR. HEBERT: Could we go to the paragraph
 11 beginning on Line 30, Gary, please?
 12 BY MR. HEBERT:
 13 Q. You further went on and you said that in contrast
 14 to the present invention, electrosurgical methods and
 15 apparatus of the prior art involving a single electrode
 16 exhibit substantially reduced effectiveness when a portion
 17 of the exposed electrode is in contact with a low
 18 resistance pathway. For example, normal saline irrigant.
 19 In those circumstances, the majority of power delivered
 20 from the single electrode tip is dissipated within the
 21 low resistance electrically conducting fluid, thereby
 22 significantly reducing the capability to cut or ablate
 23 the target tissue.
 24 Do you see that?
 25 A. Yes.

1 fluid 70.
 2 And here you're describing some of the
 3 benefits that arose from using the small multiple
 4 electrode embodiments of your invention; right?
 5 A. Yes, and that particular embodiment or description,
 6 that was talking about the benefits of multiple electrodes.
 7 Q. Okay. And actually you said that it was a central
 8 aspect of the present invention; right?
 9 A. Yes. I think that was at that time our preferred
 10 embodiment.
 11 Q. You actually viewed it as a central aspect of your
 12 invention; right?
 13 A. That is the terminology used. I'm saying it's
 14 certainly the preferred embodiment.
 15 Q. Okay. But the terminology that you used in the
 16 patent application that you applied for here was that it
 17 was a central aspect of the present invention, not merely
 18 a preferred one; right?
 19 A. Yes. That's certainly as you repeated, you know,
 20 the words that are stated there I don't think I'm qualified
 21 as patent counsel to be able to make that distinction.
 22 Q. Well, you read this application before it was filed?
 23 A. Yes.
 24 Q. And you signed it under oath; right?
 25 A. Yes, that's correct.

1 Q. So you are not only calling the multiple active
 2 electrode aspect of the invention a central aspect, but
 3 you're further saying that you're contrasting it with the
 4 methods and apparatus of the prior art that involved a
 5 single electrode; right?
 6 A. Yes, for conventional monopolar electrosurgery, yes.
 7 Q. That's all you had in mind here was conventional
 8 electro monopolar surgery?
 9 A. That's -- that's my interpretation of electrosurgical
 10 methods and apparatus of the prior art, conventional
 11 monopolar electrosurgery. I mean it says a single
 12 electrode. That would be monopolar.
 13 Q. Were you aware of bipolar devices in the prior art
 14 that had a single active electrode?
 15 A. That had two active electrodes?
 16 Q. No. Single active electrode.
 17 A. Yes, there were some devices that had single active
 18 electrode.
 19 Q. And those devices, did they suffer from the same
 20 problems that you were criticizing here, where, if a
 21 portion of the exposed electrode was in contact with a low
 22 resistance pathway, the majority of the power delivered
 23 from the single electrode would be dissipated within the
 24 electrically conducting fluid, thereby significantly
 25 reducing the capability to cut or ablate the target tissue?

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1 A. In those devices that had, that were bipolar, both
 2 the active and the return electrode were pressed against
 3 the tissue, so the current flow path was within the
 4 tissue. The active electrode, to my recollection, was
 5 outside or away from the saline if it was even present.
 6 Q. Did those suffer from these same problems?
 7 A. Well, they did not suffer from them because --
 8 Q. They did not?
 9 A. -- because both electrodes were pressed against the
 10 tissue adjacent to each other.
 11 Q. Now, the '659, I'm sorry, the third application in
 12 the chain, the one that we are looking at now, the one
 13 that was filed on May 10, 1993, the one that had Serial
 14 No. 059,681, that's Exhibit 312 that you have in front of
 15 you; right?
 16 A. The one that was abandoned?
 17 Q. It's one of the ones that was abandoned.
 18 A. Yes.
 19 Q. It's the one in front of you?
 20 A. The one that's abandoned, yes, that's in front of
 21 me.
 22 Q. The first one was abandoned as well? The one filed?
 23 A. Correct.
 24 Q. Several of them that were abandoned; right?
 25 A. Right.

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1 Q. But, nevertheless, even though this was abandoned,
 2 you incorporated everything that is in this application
 3 in the three patents in suit; right?
 4 A. Yes.
 5 Q. In the '536, you incorporated everything in this
 6 application, including your discussion about the prior
 7 art; right?
 8 A. Yes.
 9 Q. And in the '882, you incorporated this discussion
 10 as well; right?
 11 A. Now, they were certainly listed as the related U.S.
 12 applications.
 13 Q. Perhaps I can help you with that.
 14 If you turn further into the patent, to Column
 15 1 in each case, you will see there's a description of the
 16 background of the invention.
 17 A. Yes.
 18 Q. And the background of the invention lists all the
 19 inventions that are incorporated --
 20 A. Correct.
 21 Q. -- actually incorporated into the patent; right?
 22 A. Correct.
 23 Q. And for the '536, this application is incorporated
 24 into the '536 patent; right?
 25 A. Correct.

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1 Q. For the '882, this application is incorporated into
 2 the '882 patent; right?
 3 A. Without looking to it --
 4 Q. Please do. It should be Column 1 in each of them.
 5 (Pause.)
 6 THE WITNESS: Yes. All three of the ones you've
 7 cited are incorporated.
 8 BY MR. HEBERT:
 9 Q. I'm sorry. I asked the question actually the other
 10 way around. All three of the patents in suit, the '536,
 11 the '882 and the '592 incorporate this application; right?
 12 A. Correct.
 13 Q. Okay. Now, you had tried to draw a distinction
 14 between monopolar and bipolar and I would like to ask you
 15 about that for a moment.
 16 The '882 patent is not limited to bipolar
 17 electrosurgery, is it?
 18 A. I will need to refer to it to answer the question.
 19 Q. Well, please.
 20 (Pause.)
 21 MR. HEBERT: Gary, can I get Page 20 one of
 22 the '882? It should have Column 4 at the top.
 23 If you could blow up the top paragraph in
 24 Column 4... Can you blow it up less?
 25 Thank you.

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1
 2 BY MR. HEBERT:
 3 Q. And here in your '882 patent, you actually are saying
 4 that the high-frequency voltage is then applied between
 5 the active and return electrode through the current flow
 6 path created by the electrically conducting liquid in
 7 either a bipolar or monopolar manner; right?
 8 A. Correct.
 9 Q. In Claim 1, if you would like to turn to that,
 10 please, of the '882 patent, and just confirm for us that
 11 Claim 1 is not limited to bipolar, but also includes
 12 monopolar.
 13 A. Yes, it would appear that that would cover both.
 14 Q. That would cover monopolar as well, correct?
 15 A. Correct.
 16 Q. All right. Now, there are 119 patents, right, that
 17 you have?
 18 A. Pardon?
 19 Q. I'm sorry. It's 119 patents that you have?
 20 A. Correct.
 21 Q. Okay. And in obtaining 119 patents, you understand
 22 a little bit about validity patents; right?
 23 A. Correct.
 24 Q. And so for the '882 patent, which is not limited to
 25 bipolar but also includes monopolar, it's correct, isn't

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- VOLUME C -

IN THE UNITED STATES DISTRICT COURT
IN AND FOR THE DISTRICT OF DELAWARE

- - -

AATHEROCARAS CORPORATION,	:	CIVIL ACTION
Plaintiff	:	
vs.	:	
SMITH & WETZEL, INC.,	:	
Defendant	:	NO. 01-504 (SLR)

- - -

Wilmington, Delaware
Friday, May 2, 2003
9:30 o'clock, A.M.

- - -

BEFORE: HONORABLE SUE L. ROBINSON, Chief Judge, and a jury

- - -

APPEARANCES:

MORRIS, MICHOLS, ARNET & TUNWELL
BY: JACK B. BLUMENFELD, ESQ. and
KAREN JACOB LOUDEN, ESQ.

-and-

Official Court Reporters

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PROCEEDINGS

(Proceedings commenced in the courtroom, beginning at 9:30 a.m., and the following occurred without the presence of the jury.)

THE COURT: Good morning, counsel. I understand there are no issues. Is that still the case?

MR. HEBERT: I believe so, your Honor.

THE COURT: Let's bring our jury in. If the witness will take the stand, that will help us with our timing.

(At this point the jury entered the courtroom and took their seats in the box.)

THE COURT: Good morning, ladies and gentlemen. Glad to see you all here. Why don't we get started with the continuation of the cross.

Mr. Hebert.

MR. HEBERT: Thank you, your Honor.

...

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1 APPEARANCES (Continued):

2

3 WEIL, GUTSHAL & MANGES
4 BY: JARED BOSROW, ESQ.,
5 TIMOTHY DOMASI, ESQ. and
6 PERCY R. CLARK, ESQ.
7 (Redwood Shore, California)
8
9 Counsel for Plaintiff

10

11

12 FISH & RICHARDSON P.C.
13 BY: WILLIAM I. MARSDEN, JR., ESQ.,
14 KEITH A. WALTER, ESQ. and
15 EUGENE B. KOSWICK, ESQ.
16
17 -and-
18

19

20

21 FISH & RICHARDSON
22 BY: MARK I. HERBERT, ESQ.,
23 (Boston, Massachusetts)
24
25 -and-
26

27

28 FISH & RICHARDSON
29 BY: KURTIS D. MacFERRIN, ESQ. and
30 KAREN I. BOYD, ESQ.
31 (Redwood City, California)
32
33 Counsel for Defendant
34
35 - - -

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PLAINTIFF'S TESTIMONY
CONTINUED

... PHILIP E. EGGERS, having been
previously duly affirmed as a witness,
was resumed and testified further as
follows ...

MR. HEBERT: Good morning, ladies and gentlemen.

CROSS-EXAMINATION
CONTINUED

BY MR. HEBERT:

Q. Good morning, Mr. Eggers.

A. Good morning, Mr. Hebert.

Q. Mr. Eggers, I would like to hand you an exhibit
that has been marked as DTX-652-A. Yesterday, Mr. Eggers,
you pointed out that DTX-652 had some portions cut off at
the top, where you couldn't see a line, right around
here, where you couldn't see the letter L, and down near
the bottom, where you couldn't see I think the last line
or two. And you did point out, quite correctly, that
earlier in the case, the complete copy was supplied, and
I apologize we didn't include that yesterday. I wanted to
ask you if you can confirm that this is the complete copy?

A. Yes. To the best of my knowledge, this is the

1 Q. When was that?
 2 A. At least twice. I believe it was in November and
 3 again in either late February or early March.
 4 MR. BOBROW: Your Honor, at this time I move
 5 FX-544 into evidence.
 6 MR. HEBERT: It's a non-suction; right?
 7 MR. BOBROW: Yes.
 8 THE WITNESS: Yes.
 9 MR. HEBERT: No objection.
 10 THE COURT: Thank you.
 11 THE DEPUTY CLERK: So marked.
 12 *** (Plaintiff's Exhibit No. 544 was received into
 13 evidence.)
 14 MR. BOBROW: Your Honor, I request permission
 15 to approach and to show the exhibit to the jury.
 16 THE COURT: Sure.
 17 MR. BOBROW: Ladies and gentlemen, what I
 18 would like to do is to hand to you for your inspection
 19 the Saphyre bipolar ablation probe, which has been marked
 20 FX-544.
 21 (Pause.)
 22 BY MR. BOBROW:
 23 Q. Now, Dr. Goldberg, at this time I'd like for you to
 24 describe for us some of the major components of the
 25 Saphyre bipolar ablation probe. To do this, I'd like to

1 have the tissue we moved.
 2 It also has this large area over here, the
 3 return electrode. It's much larger so that we have the
 4 high density, the current effect here and we try to
 5 minimize the current density over here. This is the
 6 return electrode. So it has active electrode terminal
 7 as well as the return electrode.
 8 Now, as we were discussing before, spacing is
 9 very, very, very important to how this device works, both
 10 in terms of making sure that everything is safe and in
 11 terms of getting the effects that we want because we want
 12 to treat the tissue in a certain way. So spacing is very
 13 important.
 14 I need to point out that the return electrode
 15 and how it's spaced on this device is critical because
 16 this space between the active electrode and the return
 17 electrode not only gives it the effects, but because the
 18 active electrode is up higher, on a different plane, it
 19 was raised, when this is in contact with the tissue, the
 20 device itself is designed to have the return electrode
 21 spaced away from the tissue. It's further back and it's
 22 on a different plane.
 23 And the device is designed as well to limit
 24 contact by also having insulation down here and back here.
 25 So they're trying to minimize contact with this return

1 put up a picture of this device that is of the very tip
 2 of the device.
 3 MR. BOBROW: And, your Honor, with your
 4 permission, if Dr. Goldberg could approach the exhibit in
 5 order to explain it...
 6 THE COURT: Yes.
 7 THE WITNESS: Your Honor, thank you.
 8 MR. HEBERT: May I, your Honor?
 9 THE COURT: Yes, you may.
 10 THE WITNESS: Thank you, sir.
 11 (At this point the witness then stepped down
 12 from the witness stand.)
 13 BY MR. BOBROW:
 14 Q. So, Dr. Goldberg, if you would please explain for
 15 the jury what is depicted here in this exhibit of the
 16 Saphyre bipolar ablation probe and describe the major
 17 components?
 18 A. The major components, ladies and gentlemen of the
 19 jury, are very, very similar to those that we've described
 20 previously in the figures of the patents. For the example
 21 here, this area here that looks like the ashtray is the
 22 active electrode, the electrode terminal, right over here.
 23 This is the area at which there is going to be the tissue
 24 effected, the treatment. This is the part that is going
 25 to come in close position or touch the area that needs to

1 electrode and space it properly, so that it works and
 2 that it's safe.
 3 Now, this device only works if it's in
 4 electrically conductive fluid. So imagine this in the
 5 joint space. The joint space is filled with electrically
 6 conductive fluid. When that happens, the current passes
 7 through the electrically conductive fluid and that energy
 8 creates a current flow path. The current is going to go
 9 between the active and the return electrode here and that
 10 current is going to create conditions that is going to
 11 enable this device to treat the tissue.
 12 Q. All right. Thank you, Dr. Goldberg.
 13 (At this point the witness then resumed the
 14 witness stand.)
 15 BY MR. BOBROW:
 16 Q. Now, is the Saphyre bipolar ablation probe used as
 17 part of an electrosurgical system?
 18 A. Yes, sir, it is.
 19 Q. Can you describe the system in which it is used?
 20 A. It's designed to be used in a system with an
 21 electrosurgery generator. If we don't have a high-
 22 frequency generator, there won't be any current between
 23 the active and the return electrode and it's designed to
 24 be in a system with electrically conductive fluid.
 25 Q. Now, is the electrically conductive fluid supply

1 MR. BOBROW: Your Honor, at this time I
2 would move PX-732 into evidence.
3 MR. HEBERT: No objection.
4 THE COURT: Thank you.
5 THE DEPUTY CLERK: So marked.
6 *** (Plaintiff's Exhibit No. 732 was received into
7 evidence.)
8 MR. BOBROW: May I approach and publish to the
9 jury?
10 THE COURT: Yes, you may.
11 MR. BOBROW: Thank you.
12 MR. BOBROW: Ladies and gentlemen, what I
13 would like to do now is to hand to you PX-732, which is the
14 control RF probe made by Smith & Nephew.
15 (Pause.)
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4 Q. Dr. Goldberg, I would like you to explain and
5 describe for the jury the main components of this Control
6 RF product.
7 MR. BOBROW: With Your Honor's permission, if
8 he may approach a picture of the Control RF...
9 Thank you.
10 THE WITNESS: May I, your Honor?
11 THE COURT: Yes, you may.
12 (At this point the witness then stepped down from
13 the witness stand.)
14 THE WITNESS: Okay, ladies and gentlemen.
15 Again, we have a blowup, a closeup of the tip of that probe
16 that was just passed around. I believe it's a picture of
17 that same exact one or one that is identical to it.
18 This is where all the action is. What I am
19 going to show again is that the same five components that
20 the Saphyre has that meet the limitations of the claim
21 are present in this device.
22 Once again, we will go back to the magnets.
23 And here we can see at the distal end there is an active
24 electrode electrode terminal. This active electrode
25 terminal is a little different than the one in the

1 certifier. It had this two-wire configuration, instead
2 of that ashtray. But from a functional perspective, this
3 is the active electrode that is going to be the electrode
4 in the area of where the effects are occurring to enable
5 us to treat the issue.
6 Similarly, here we see a return electrode.
7 Now, this return electrode is a little different than the
8 one we saw in the Saphyre, but it's functionally equivalent.
9 The insulation only goes to here, so the return electrode
10 goes all the way around. But we can clearly see how this
11 is much larger than the active electrode. So this is an
12 active functional electrode. This is where tissue effects
13 are happening. And this has been designed to minimize
14 tissue effects.
15 It is important to mention that we have the
16 same issue with regard to spacing. There is a nice space
17 between the active terminal, the active electrode electrode
18 terminal and the return electrode.
19 Now again, because this is arthroscopic surgery,
20 the joint is going to be filled with an electrically
21 conductive fluid, such as saline or lactated ringers. And
22 that is something that is very important to remember, that
23 we are talking about devices that work in electrically
24 conductive fluid. In the joint, we need the shoulder to
25 be surrounded by electrically conductive fluid.

1 And again, because it's electrically conductive
2 fluids, when another part of the system that isn't the
3 probe, the high-frequency generator, is activated, there
4 will be a current flow path between the active and the
5 return. That current flow path is going to alter the
6 fluid in a way that we will be able to treat a tissue.
7 MR. BOBROW: Thank you, Dr. Goldberg.
8 (At this point the witness then resumed the
9 witness stand.)
10 BY MR. BOBROW:
11 Q. Now, I would like to shift from the Control RF
12 product to the third product involved here, which is
13 called the ElectroBlade.
14 First of all, Dr. Goldberg, have you reviewed
15 documents in relation to your work in evaluating the
16 ElectroBlade in this matter?
17 A. Yes, I have, sir.
18 Q. If you would, please, for me, as we had done before,
19 if you could turn to Volume 1 of these exhibits...
20 A. Okay.
21 Q. And first of all, let me ask you to turn to PX-189
22 A. I see, sir.
23 Q. What is PX-189?
24 A. This is the instructions for use for the ElectroBlade
25 system.

1 used to mechanically remove tissue. And so some docs
2 and some processes need to have that serrated edge to
3 remove tissue better. And others need a smooth edge.

4 So there are some differences, but they are
5 on the mechanical side, for a different function. But in
6 terms of the RF, they are essentially equivalent.

7 MR. BOBROW: Dr. Goldberg, I would now ask you
8 to explain the significant components, as you had done
9 before with the other devices, of the ElectroBlade.

10 MR. BOBROW: Your Honor, with your permission,
11 may he approach a picture of these?

12 THE COURT: Yes.

13 (At this point the witness then stepped down
14 from the witness stand.)

15 THE WITNESS: Here we go with our third
16 exhibit. Once again, I am going to point out the five key
17 components that match this probe up to the patents in suit.
18 I am showing that it has the elements to make this device
19 infringe.

20 Now, because this is -- let's talk a little
21 bit about the active electrode electrode terminal. This
22 is a little different. The reason it is just a little
23 different is because now we have a moving part. We have
24 that blade that rotates in. But because these are in
25 contact, they can function, both pieces, the inner piece

1 and the exposed piece, as an active electrode.

2 They are an electrical -- there is an
3 electrical connection between these two just by the two
4 of them touching, even though there is no physical
5 structure.

6 Another important aspect is the return
7 electrode, which you can see, this will carry it back,
8 much larger than the active electrode. So here is the
9 return electrode that I have put over here. Again, we can
10 see that the active is spaced from the return, and because
11 this is arthroscopy, electrically conductive fluid, it's
12 got to be that saline or the lactated ringers.

13 And sure enough, there is a current flow path.
14 All five elements of the claim.

15 MR. BOBROW: Thank you, Dr. Goldberg.

16 (At this point the witness then resumed the
17 witness stand.)

18 BY MR. BOBROW:

19 Q. Now, in connection with your work in testing these
20 devices in your lab, did you test the various devices,
21 let's start with the Saphyre, in your lab, in different
22 fluids?

23 A. Yes, I did, sir.

24 Q. What fluids did you test the Saphyre ablation probe
25 in?

1 A. We tested it in electrically conductive fluid, in
2 saline, then we tested it in distilled water. And then
3 we tested it with the return electrode in air.

4 Q. Now, first of all, when you tested it in your lab
5 with electrically conductive fluid, in that case saline,
6 can you describe what occurred?

7 A. When a high-frequency current or voltage was placed
8 and there was current flowing, we saw at the active
9 electrode a yellow glow, as well as a gaseous cloud, a
10 vapor layer, if you will, over the active, when it was
11 activated in sterile saline.

12 When that probe was brought in contact with
13 tissues, such as cartilage, that actually had a tissue
14 effect.

15 Q. What effect did it have?

16 A. It removed tissue. It removed the cartilage without
17 causing deeper coagulation. And that's actually an
18 important point, because there are different effects from
19 different energy sources.

20 A lot of what we do in cancer is heating the
21 tissue and cooking the tissue. So this was a very ...
22 different effect from the effect that we see in cancer --

23 MR. HEBERT: Objection.

24 THE COURT: What is the basis?

25 MR. HEBERT: He has testified about

1 coagulation, and the test that he did was on a piece of
2 dead tissue. There is nothing in his report about
3 testing and demonstrating coagulation. And dead tissue
4 can't coagulate.

5 MR. BOBROW: Your Honor, I think he is simply
6 describing the operation of the device and the different
7 effects the device might have. The Saphyre does have a
8 coagulation mode and it has a cutting mode.

9 THE COURT: But if he, in fact, didn't test
10 the coagulation mode on human tissue, he shouldn't be
11 talking about the coagulation mode, in terms of his
12 actually having done that.

13 THE WITNESS: If I may clarify, your Honor...

14 THE COURT: Yes, you may.

15 THE WITNESS: Thank you.

16 Several aspects. Let me clarify and state that
17 I did not see coagulation in the tissues, which is what I
18 was trying to say, but a different effect.

19 We routinely -- and I have published over 20
20 papers on performing arthro-ablation in dead tissues --
21 describe a coagulation effect in dead tissues. And that
22 type of effect, which we normally observe in the studies,
23 that we do to look at RF for cancer were not seen in --

24 MR. HEBERT: Objection. None of this is in
25 his report. If it is other papers, it is not in his report.

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1 THE COURT: We do have to limit the testimony
2 to the report and the matters addressed during the
3 pretrial discovery. If we can do that, that is fine.
4 BY MR. BOBROW:
5 Q. Let me ask you to move on to a different subject. I
6 am not sure we need to go into that, frankly.
7 Let me ask you, you mentioned earlier that you
8 had done a test of the Saphyre probe in distilled water as
9 well.
10 Do you recall that?
11 A. Yes, I do.
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4 Q. What kind of a fluid is distilled water?
5 A. It's a nonconductive fluid.
6 Q. And what happened when you used the Saphyre in
7 this nonconductive distilled water?
8 A. We did not observe the yellow glow, we did not see
9 the vapor effect and we did not get the tissue effect that
10 we did when the device was in electrically conductive
11 fluid.
12 Q. You mentioned that you also tested the Saphyre when
13 the return electrode was in air and the active electrode
14 was in the saline; is that right?
15 A. Yes, sir.
16 Q. Can you describe for the jury what happened when
17 you used the Saphyre probe in that mode?
18 A. It didn't work.
19 Q. Let me ask you now about the Control RF. Did you
20 use the Control RF in your lab?
21 A. Yes, sir, I did.
22 Q. Did you do a test of the Control RF in saline?
23 A. Yes, I did.
24 Q. Can you describe that test and the results of it?
25 A. Well, once again when it was in the saline and it

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1 was activated, we saw this yellow orange glow and the
2 gas forming and, when we brought the device in close
3 positioning to the cartilage, we saw this tissue effect,
4 the removal of that cartilage.
5 Q. Did you use the Control RF in any other fluids
6 besides saline?
7 A. I believe that I did.
8 Q. And what did you do?
9 A. I placed it in distilled water.
10 Q. And what kind of a fluid is distilled water?
11 A. Distilled water is traditionally considered to be a
12 nonconductive fluid.
13 Q. And does distilled water nonetheless conduct some
14 electrical fluid?
15 A. All fluids, all materials conduct some electrical
16 conductivity. Conductivity is a spectrum from very little
17 to a lot as opposed to, yes/no. It's not a black-and-white
18 question. All fluids do conduct some electrical current,
19 but distilled water is very, very difficult to conduct
20 electricity. Compared to the body tissues, it's not a
21 conductive fluid.
22 Q. What happened when you used the Control RF in this
23 distilled water that in this nonconductive fluid?
24 A. We did not see that glow, we didn't see the bubbles
25 and we were unable to achieve the tissue effect.

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1 Q. Now, did you use the ElectroBlade in your lab?
2 A. Yes, I did.
3 Q. Can you describe what you did?
4 A. I believe that we used it in saline and in distilled
5 water once again.
6 Q. Could you describe what happened when you use it in
7 saline?
8 A. When we placed it against the tissue and activated
9 it, we did see a tissue effect.
10 Q. And what about in the distilled water?
11 A. We did not see the same type of tissue effect.
12 Q. Thank you, Dr. Goldberg.
13 Now, I would like to shift gears a bit and
14 talk with you about some of the claims that ArthroCare is
15 asserting against Smith & Nephew in this lawsuit.
16 A. Okay.
17 Q. And what I have placed up before you and the jury
18 is Claim 1 of the '592 patent.
19 A. I see that, sir.
20 Q. And we have set forth the text of this claim on a
21 chart. And, first of all, may I ask if you have formed
22 an opinion of whether or not Claim 1 of the '592 patent
23 is infringed on the Saphyre bipolar ablation probe as used
24 in arthroscopic surgery?
25 A. I have formed an opinion, sir.

1 Q. And what is it?
 2 A. The Saphyre probe infringes upon Claim 1 of the '592
 3 patent.
 4 Q. Now, could you please walk us through the elements
 5 of Claim 1 and explain to the jury how those elements are
 6 satisfied by the use of the Saphyre bipolar ablation
 7 probe?
 8 A. With your permission?
 9 Okay. Claim 1 has four parts to it. There
 10 is the preamble and then three subsequent paragraphs. So
 11 probably the best way to do this is to go through each
 12 and every one of those paragraphs individually and see if
 13 the Saphyre meets those criteria. So if we look at Claim
 14 1, it says that it's a method for applying electrical
 15 energy to a target site on a body structure on or within
 16 a patient's body, the method comprising.
 17 There is no question that the Saphyre is
 18 intended to be used as an electrical device, an RF
 19 electrical surgery device in the joint spaces such as the
 20 shoulder and the knee. So, yes, it does have that aspect
 21 to it.
 22 If we move to the second thing, the second
 23 paragraph, positioning into an electrode terminal into at
 24 least close proximity with the target site. As I showed
 25 you a little bit earlier, this is where the action is,

1 back here on the far screen, and that is the part that
 2 the video was shown yesterday by Mr. Marsden, I believe.
 3 What is shown is the area that gets put into contact with
 4 the -- or at least in close proximity to the tissues to
 5 be treated. So it has that element.
 6 And the second part of this, in the presence
 7 of electrically conductive fluid as we have been discussing
 8 the arthroscopic surgery in saline, in lactated Ringers
 9 fluid, it's in electrically conductive fluid, so the
 10 elements of the second paragraph are met.
 11 Q. What about the third?
 12 A. Positions a return electrode within the electrically
 13 conductive fluid such that the return electrode is not in
 14 contact with the body structure. That clearly happens
 15 when the device is used and perhaps we'll get into that a
 16 little bit in just a moment. There is no question as we
 17 continue that there is generation of a current flow path
 18 between the electrode terminal -- that's the active over
 19 here -- and the return electrode -- back over here, when
 20 the high-frequency voltage is applied.
 21 So, in short, all the elements of this claim
 22 are met by this device, by the Saphyre device.
 23 Q. All right. I'm going to mark this accordingly.
 24 Now, Dr. Goldberg, you had mentioned that in
 25 this paragraph, positioning a return electrode, that it

1 says such that the return electrode is not in contact
 2 with the body structure to generate a current flow path.
 3 Do you see that?
 4 A. Yes, I do.
 5 MR. BOBROW: Can you please put up the
 6 construction of the patent language?
 7 And can you highlight Paragraph 4, please?
 8 BY MR. BOBROW:
 9 Q. Now, what has been highlighted here is a portion of
 10 the Court's claim construction about the meaning of that
 11 phrase, the return electrode is not in contact with the
 12 body structure that appears in Claim 1 of the '592 patent.
 13 And you will see that in defining that phrase, the Court
 14 said that the return electrode is not to contact the
 15 body at all during the performance of the claimed method.
 16 Now, do you have an opinion whether or not
 17 that element construed by the Court is satisfied when the
 18 Saphyre bipolar ablation probe is used?
 19 A. Yes, I do.
 20 Q. What is your opinion?
 21 A. My opinion is that portion of the claim will be
 22 satisfied.
 23 Q. Now, does that portion of the claim as construed by
 24 the Court require that the Saphyre bipolar ablation probe
 25 return electrode never contact the tissue during the

1 course of an entire arthroscopic procedure?
 2 A. No, it doesn't. Mr. Bobrow, you raised a very
 3 important --
 4 MR. HEBERT: Objection. I think we are arguing
 5 claim construction.
 6 THE COURT: Well, I think all the experts are
 7 going to give their spin on claim construction, so I'm
 8 going to allow the testimony. If we need to talk about it
 9 further, we will.
 10 BY MR. BOBROW:
 11 Q. Please go ahead, sir.
 12 A. I was about to try to explain to the members -- the
 13 ladies and gentlemen of the jury as to why this is a very
 14 important point. The claim is talking about a method for
 15 applying electrical energy, so the issue is whether or
 16 not a device infringes when the electrical energy is not --
 17 when it is being applied. There are a lot of parts to a
 18 surgery, including putting in the camera, taking out the
 19 camera, taking care of the patient that don't involved
 20 applying electrical energy. So the key is, is this
 21 method being infringed when it's fulfilling the claim
 22 which is when the energy is being applied? So the only
 23 way not to infringe this claim with the device is to
 24 make sure that the return electrode --
 25 MR. HEBERT: Objection.

1 THE WITNESS: -- is always in contact when the
2 energy is on. And as the videotape and Mr. Marsden
3 suggested, very clearly there is occasional contact
4 frequently, but often there isn't. The probe is designed
5 to enable they're not being contact. If it's not in
6 contact, it's being infringed.
7 BY MR. BOBROW:
8 Q. Now, is the probe designed --
9 THE COURT: There is an objection here, and I
10 know I let the answer go on and perhaps it's something we
11 should address when we excuse the jurors for lunch. All
12 right?
13 BY MR. BOBROW:
14 Q. How is the Saphyre probe designed so the return
15 electrode will not be in contact with the tissue?
16 A. If we can have the figure...
17 I know there is a small version here, but it
18 will be much more helpful if I can see the picture so I
19 can point out at least two different ways that it's
20 designed to prevent contact.
21 Number one, as I pointed out earlier, the
22 active electrode is spaced up on a different plane from
23 the return electrode so that when this is in contact with
24 the tissue, there will be fluid swimming over here.
25 And the other point, which was pointed out

1 again by -- I believe by Mr. Marsden himself, is that the
2 return electrode is insulated on the back as well as on
3 the shaft over here to also try to prevent contact
4 between the return and the tissues.
5 Q. Now, I'd like to shift from the Saphyre and ask you
6 some questions about the Control RF.
7 A. Certainly, sir.
8 Q. Does the Control RF, in your opinion, meet all the
9 limitations of Claim 1 of the '592 patent?
10 A. In my opinion, there is no question that the Control
11 RF meets every limitation of Claim 1 of the '592 patent.
12 Q. Can you please explain for us your basis in forming
13 that?
14 A. Well, if we go through the claim language -- once
15 again, with your permission -- we're talking about a
16 device that is supposed to be used within a joint, within
17 the patient's body.
18 The electrode terminal is placed within close
19 proximity to the tissues to be treated. It's arthroscopy,
20 so it's in electrically conductive fluid.
21 The return electrode is positioned back and,
22 remember, it's also on a lower plane, so that you try to
23 make sure that it's not in contact.
24 And there is a current flow path when the
25 generator is on through the electrically conductive fluid

1 from active to return.
2 So again, all the limitations of Claim 1 are
3 met by this device and, therefore, this device meets the
4 criteria for infringement that is claimed.
5 Q. Dr. Goldberg, again focusing on the language about
6 the return electrode not in contact with the body
7 structure, can you explain for the jury why you believe
8 that that particular language is satisfied when the
9 Control RF product is used?
10 THE COURT: I know, the same objection.
11 MR. HEBERT: It's going to be the same issue,
12 your Honor.
13 THE COURT: Yes, it is. So I'm going to let
14 it go forward.
15 THE WITNESS: Again, this entire probe is going
16 to be placed into the joint through a metal tube. The
17 surgeon is viewing the tissue over here from another port
18 and he or she is going to be bringing this device, the
19 active, closer to the target tissues. The return is spaced
20 back and it's on a different plane. So this device, too,
21 is designed to help promote the return electrode not being
22 in contact with the tissues.
23 BY MR. BOBROW:
24 Q. Now, Dr. Goldberg, let's turn to the ElectroBlade
25 product made by Smith & Nephew. It's in the third column.

1 Have you formed an opinion whether the use of
2 the ElectroBlade infringes Claim 1 of the '592 patent?
3 A. I formed an opinion on that, too.
4 Q. Would you please tell us your opinion?
5 A. My opinion once again is that the ElectroBlade also
6 infringes upon Claim 1 of the '592 patent.
7 Q. Can you please explain your basis to the jury for
8 that conclusion?
9 A. We can briefly, once again, go through all the
10 elements. We're talking about a device to be used in
11 the shoulder or the knee. There is an active electrode
12 terminal. There, it's in electrically conductive fluid.
13 There is a return electrode spaced back, and when the
14 energy is applied, there is an electric current flow path
15 through the saline and it's meeting the criteria for this
16 claim.
17 Q. And in your view, are all the limitations met by
18 this claim?
19 A. In my opinion they are, sir.
20 Q. Dr. Goldberg, again I would like to focus your
21 attention on the language of the claim that talks about
22 the return electrode not being in contact with the body
23 structure. And, once again, I would ask you to explain --
24 and again, if you need to use the picture -- why you
25 believe that that language is met when the ElectroBlade

1 product is used?
 2 THE COURT: All right. And I understand there
 3 is an objection.
 4 MR. HEBERT: Same objection.
 5 THE WITNESS: Once again, the active electrode
 6 is here at this end of the device. And the return
 7 electrode is spaced in such a way that it's back, and that
 8 only this piece here is protruding, so that when the
 9 surgeon, when she comes and brings the device up close to
 10 the tissue to be treated, she is pushing down on the tissue
 11 over here. And this is spaced back and away from the area
 12 to be treated. And as long as the return electrode is not
 13 in contact while that energy is on, this device infringes.
 14 BY MR. BOBROW:
 15 Q. Dr. Goldberg, let me now ask you some questions about
 16 some claims that depend on this claim, meaning that they
 17 add an additional limitation to the language of Claim 1.
 18 And what I have placed here for you and for the
 19 jury is the text from Claim 3, Claim 4, Claim 11 and Claim
 20 21 of the '592 patent, all of which depend upon Claim 1.
 21 And let me ask you, first of all, whether you have formed
 22 an opinion about whether the use of the Saphyre, the
 23 Control RF and the ElectroBlade infringes Claim 3 of the
 24 '592 patent?
 25 A. I have, sir.

1 Q. Would you please tell us that opinion?
 2 A. My opinion is that the Saphyre infringes the separate
 3 claim, Claim No. 3 of the '592 patent.
 4 Q. And what about the other products?
 5 A. The Control RF and the ElectroBlade likewise infringe
 6 upon that additional claim.
 7 Q. Using the language of the claim, can you please
 8 explain for the jury the basis for your opinion?
 9 A. I can, with your permission. Claim 3 requires Claim
 10 1 to be met, and I hope that I have been clear and have
 11 communicated why I feel that all three devices fulfill the
 12 criteria for infringing upon Claim No. 1.
 13 It also requires immersing the target site
 14 within a volume of electrically conductive fluid and then
 15 positioning the return electrode within the volume of
 16 electrically conductive fluid to generate the current
 17 flow path.

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 4 A. (Continuing) The entire joint in the course of
 5 arthroscopic surgery is immersed in saline, or
 6 electrically conductive fluid.
 7 Q. Is the language of this claim satisfied by these
 8 three products?
 9 A. Yes, sir, it is.
 10 Q. Now we will turn to Claim 4. Claim 4 says the
 11 method of Claim 1 further comprising delivering
 12 electrically conductive fluid to the target site. Do you
 13 have an opinion about whether these three products
 14 infringe that claim?
 15 A. If there is fluid -- yes, I have.
 16 Q. What is your opinion?
 17 A. My opinion is that, once again, this claim is
 18 infringed by these three -- these three products infringe
 19 this claim of the '592 patent.
 20 Q. Will you please explain the basis for your opinion
 21 to the jury?
 22 A. Yes. Again, this claim is based upon the first
 23 claim. It is a dependent claim. I strongly believe that
 24 the first claim is met by these three devices. And the
 25 issue, the addition is delivering the electrically

1 conductive fluid to the target site, and that is what
 2 happens during the course of arthroscopic surgery.
 3 Because the entire joint space is in communication, and
 4 because the orthopedic surgeon wants the entire joint to
 5 be filled, fluid is delivered to that target site. Just
 6 by it swimming around, it's delivered to the target site.
 7 Q. Now, in the course of the case, Smith & Nephew had
 8 argued that this language about delivering the fluid
 9 required that the fluid be sprayed directly at the site
 10 that you wanted to treat. Do you agree with that?

11 MR. HEBERT: Objection. He is asking a
 12 question about a contention regarding claim construction.
 13 The Court has ruled on claim construction.

14 THE COURT: I am not sure where you are going
 15 with this. All we are interested in now is what his
 16 opinion is at this point.

17 MR. BOBROW: Yes, your Honor. The reason I
 18 raised that is because, as I understand it, Smith &
 19 Nephew will be arguing that they don't infringe based upon
 20 a particular ground. I simply wanted to cover that ground.

21 THE COURT: Well, it could be that we need to
 22 wait until redirect for you to cover that ground, make
 23 sure Smith & Nephew covers it. Why don't we do that.

24 MR. BOBROW: Thank you, your Honor.

25 BY MR. BOBROW:

1 - VOLUME D - Page 509

2 IN THE UNITED STATES DISTRICT COURT

3 IN AND FOR THE DISTRICT OF DELAWARE

4 - - -

5 ARTHROCARE CORPORATION, CIVIL ACTION

6 Plaintiff

7 vs.

8 SMITH & NEPHEW, INC.,

9 Defendant NO. 01-504 (SLR)

10 - - -

11 Wilmington, Delaware

12 Monday, May 5, 2003

13 9:15 o'clock, a.m.

14 - - -

15 BEFORE: HONORABLE SUE L. ROBINSON, Chief Judge, and a jury.

16 - - -

17 APPEARANCES:

18 MORRIS, NICHOLS, ARNT & TOWSELL

19 BY: JACK B. ALDENFELD, ESQ. and

20 KAREN JACOBS LOUDER, ESQ.

21 -and-

22

23 Official Court Reporters

24

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1 APPEARANCES (Continued): Page 510

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23 KATHERINE PRESCOTT, ESQ.

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26 - - -

1 Page 511

2 PROCEEDINGS

3

4 (Proceedings commenced in the courtroom,

5 beginning at 9:15 a.m., and the following occurred without

6 the presence of the jury.)

7

8 THE COURT: I understand we have multiple

9 issues and I guess we need to address those that present

10 issues for us before lunch, so I have not -- I've seen

11 the motions, but I have not obviously read them from

12 ArthroCare. I know Smith & Nephew has an issue, at least

13 their letter indicates that they have an issue. So I

14 don't care who goes first. Whatever needs to be

15 addressed before we bring the jury in.

16 MR. BLUMENFELD: Your Honor, we provided two

17 motions to chambers which we served on Smith & Nephew last

18 week.

19 Dr. Manwaring is not going to be on today, so

20 I don't think we need to deal with that. Dr. Choi will

21 be after lunch, so we don't need to deal with that this

22 morning. And I don't know if there are deposition issues

23 that still need to be dealt with before we start this

24 morning or not.

25 MS. LOUDER: Your Honor, Smith & Nephew tells

1 Page 512

2 us that they do continue to have objections to our

3 deposition designations, so --

4 THE COURT: All right.

5 MS. BOYD: We can discuss the depositions, I

6 think what would be more appropriate, to discuss Smith &

7 Nephew's. I think that's the primary issue.

8 THE COURT: All right. I am confused about

9 this because I thought the purpose of giving you all

10 Wednesday was to allow you to rearrange your resources

11 so that we could accommodate Mr. Marsden's problem.

12 The letter comes as a surprise, if not a shock

13 to me, because what you are telling me is, despite knowing

14 that Mr. Marsden has a problem, you all apparently have

15 felt it prudent to go forward under your original trial

16 strategy. And I resent to some extent the fact that you

17 are putting me in the position of seeming to have to

18 balance a trial about money with someone's mother, but I

19 thought that I tried to make the best accommodation I

20 could, and apparently you've made no accommodation, none

21 whatsoever. And I find that perplexing, if not

22 distressing.

23 And trust me when I say I need no distress in

24 my life this morning. So you tell me what you did with

25 Wednesday that leads us to having to discuss this again

26 today. I don't understand.

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1 MS. PRESCOTT: He's saying that.
 2 MS. LOUDEN: Your Honor, there were privilege
 3 logs exchanged in this case. I don't have it handy, but I
 4 would bet that this document was not listed on any
 5 privilege log. But I don't have that here to look at.
 6 Again, what Mr. Roos testified to is he
 7 understood the issue was being looked into by attorneys.
 8 That does not mean that what was being discussed in this
 9 document reflected any communication from any attorney.
 10 There has been no evidence whatsoever of any attorney
 11 involvement in this statement.

12 As I say, it appears in the project design
 13 quality. FDA can come look at it. It's a technical
 14 document.

15 THE COURT: Well, it had always been my
 16 understanding that technical documents going to attorneys
 17 weren't privileged, so I guess I need some indication
 18 either that it has always been listed as a privileged
 19 document or that at some point in time, this particular
 20 version of this particular document was claimed as
 21 privileged and there's some basis for it.

22 So I don't know when this is going to come in
 23 but if, in the next hour, Smith & Nephew wants to give me
 24 copies of whatever it claims to be the bona fide claim of
 25 privilege with respect to this version of the document

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1 and the basis for it, I'm happy to take a look at it. I'm
 2 not convinced that it is ready at the moment.

3 So I need -- we need to bring the jury in. So
 4 if you all have things to give me to look at with respect
 5 to these last three issues, you should give them to my
 6 Clerk here so I can start looking at them when the jury
 7 comes in.

8 MS. BOYD: I apologize, your Honor. I
 9 neglected one final objection, which is to a new Plevinsky
 10 designation we received yesterday. We received this one
 11 yesterday.

12 MS. LOUDEN: We're not going to read that
 13 transcript.

14 THE COURT: All right. Thank you.

15 All right. Let's get the jury organized and in.

16 (At this point the jury entered the courtroom
 17 and took their seats in the box.)

18 THE COURT: Good morning, ladies and gentlemen.

19 I apologize for taking some of your time this
 20 morning, but if we take care of things before you come in,
 21 theoretically we'll be more efficient while you're sitting.

22 All right. Let's proceed.

23 MS. LOUDEN: Good morning, ladies and gentlemen.
 24 My name is Karen Jacobs Louden. I'm one of the attorneys
 25 for ArthroCare. And let me go over what our general game

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1 plan is for this morning.

2 Last week, you heard testimony from some five
 3 witnesses. Well, there are also other ways that evidence
 4 can be introduced and we will spend some time this morning
 5 introducing some facts that have been admitted by the
 6 parties and reading the testimony of some witnesses who
 7 are not here in the courtroom, but who have been questioned
 8 previously under oath.

9 So let me start with the admitted facts.

10 Before the trial, the parties agreed that
 11 there are certain facts that are true and that can be
 12 introduced to you as admitted facts and as to which no
 13 further proof is required. So I'm going to begin by
 14 reading some of those admitted facts to you.

15 The first is No. 9: After May 1st, 2001,

16 Smith & Nephew has made, sold, and offered for sale in the
 17 United States the following accused products: Saphyre 90-
 18 Degree Ablator, REF 925001/7209444. Saphyre 60-Degree
 19 Ablator, REF 925003/7209443. Saphyre 90-Degree HB Ablator,
 20 REF 7209444. Saphyre 90-Degree Ablator with suction, REF
 21 925011/7209683. Saphyre 60-Degree Ablator with suction, REF
 22 925013/7209682. Saphyre 90-Degree HB Ablator with suction
 23 REF 7209441, collectively the Saphyre. Dyonics Series 9000
 24 ElectroBlade Resector 4.5, 7205961. Dyonics Series 9000
 25 ElectroBlade Resector, 72059700. Dyonics Series 700 RMS

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1 Probe, 720596. Dyonics Series 7000 RF, RSX probe, 7205957.

2 Dyonics Control RF Generator Adapter, 7207908.

3 No. 10, Smith & Nephew began sales of the
 4 Control RF in the United States in July 2001 and that
 5 product line was discontinued in the first half of 2002.

6 No. 11, Smith & Nephew began sales of the
 7 ElectroBlade in United States in March 2002.

8 No. 12, Smith & Nephew began sales of the
 9 Saphyre in the United States in April 2002.

10 No. 13, Smith & Nephew has known of the 536
 11 patent since January 9, 1998.

12 No. 14, Smith & Nephew has known of the 882
 13 patent since January 9th, 1998.

14 No. 15, Smith & Nephew has known of the 592
 15 patent since June 5th, 2001.

16 Thank you.

17 Now I'm going to turn to what we call deposition --
 18 testimony. And as I started to say before, some of the
 19 witnesses will appear live here in the courtroom, and you
 20 heard from Mr. Eggers and Dr. Goldberg last week.
 21 ArthroCare also can introduce testimony from people who are
 22 not here in the courtroom, but who have previously
 23 testified under oath and that's what we call deposition
 24 testimony. It was called a deposition where they were
 25 questioned under oath.

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1 "Answer: Not the entire probe, but a portion
2 of it.
3 "Question: Which portion of it?
4 "Answer: The distal end. Maybe -- not
5 generally, I don't think more than two inches.
6 "Question: When you say the distal end, are
7 you referring to the end that has the active electrode and
8 the return electrode on it?
9 "Answer: Yes.
10 "Question: In the cases that you observed in
11 the October 2001 time frame, was there any fluid that was
12 introduced into the joints that were being operated on
13 using the bipolar ablation device?
14 "Answer: Yes.
15 "Question: Was it saline that was in those
16 joints?
17 "Answer: I don't remember.
18 "Question: Was it Ringer's lactate?
19 "Answer: Yes.
20 "Question: What was your role?
21 "Answer: It would have been one of those two.
22 "Question: Those were the two choices, saline
23 or Ringer's lactate?
24 "Answer: Generally, yes. I don't know -- I
25 am not aware of another solution that would have been used.

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1 "Question: In connection with your work in
2 these cases, did you talk to any of the surgeons about
3 needing to have either saline or Ringer's lactate in the
4 joint cavity?
5 "Mr. MacFerrin: Objection. Vague.
6 "The Witness: For these cases? No.
7 "By Mr. Bobrow:
8 "Question: For any cases, have you ever talked
9 to any doctors about the need to have saline or Ringer's
10 lactate in the joint cavity being operated on?
11 "Mr. MacFerrin: Objection. Vague.
12 "The Witness: For what kind of operation?
13
14 "By Mr. Bobrow:
15 "Question: Bipolar ablation.
16 "Answer: I don't recall any discussions
17 specifically about bipolar and saline or Ringer's lactate.
18 "Question: Were you involved in any way in the
19 preparation of an instruction for use, or an IFU, for what
20 came to be called the Saphyre bipolar ablation probes?
21 "Answer: Yes.
22 "Question: What was your role?
23 "Mr. MacFerrin: Objection. Foundation, vague.
24 "The Witness: My role on the IFU was primarily a
25 review for accuracy. Editing, essentially. And I did have

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1 signoff on the release document.
2 "By Mr. Bobrow:
3 "Question: Was there somebody at Oratec who had
4 primary responsibility for the preparation of the IFU?
5 "Answer: I don't know that there was one person
6 who had primary responsibility for that document."
7 MS. LOUDEN: I apologize. The answer on the
8 last question was cut off. The question was:
9 "Was an IFU provided to the doctors that
10 performed the cases that you observed using this bipolar
11 ablation probe?"
12 The witness' answer was:
13 "Yes."
14 Chris, could you please pick up at 69, 2?
15 "Question: In all the cases that you observed,
16 you said the portion of the bipolar probe that was inserted
17 into the patient was at least the distal end of it?
18 "Answer: Yes. Question. Was the active
19 electrode and the return electrode of the bipolar ablation
20 device, were those electrodes in contact with either the
21 saline or the Ringer's lactate that was used during this
22 procedure?
23 "Answer: They were in contact. Just to insert
24 into the joint. They were in contact.
25 "Question: During the time that energy was

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1 applied, the RF energy was applied between those, the
2 active and the return electrode of the bipolar ablation
3 device, was the active and the return electrode in contact
4 with any of the saline or the Ringer's lactate?
5 "Answer: The return would have been. The
6 active, presumably a portion of it might have been,
7 depending on the technique of the physician.
8 "Question: So what you observed was that the
9 active electrode was in contact with tissue?
10 "Answer: That's not all I observed, but I
11 did observe that the active electrode was in contact with
12 tissue.
13 "Question: While the RF energy was being
14 applied?
15 "Answer: It was in contact with tissue both
16 while and -- while it was being applied and while it was not
17 being applied.
18 "Question: Did you observe tissue being ablated
19 in the cases that you saw?
20 "Answer: Yes.
21 "Question: In the cases that you observed, was
22 there some sort of a monitor that was used, TV screen or
23 monitor that allowed you to see what was going on?
24 "Answer: A video monitor? Yes. That's how I
25 observed that.

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1 "Question: So I take it there was some sort of
2 a scope that was inserted into the joints where the surgery
3 was taking place; right?
4 "Answer: There was some sort of a scope, yes.
5 "Question: And did you observe that there was
6 also some sort of irrigant delivery such that the irrigant,
7 either saline or Ringer's lactate, was fed into the joint
8 and then evacuated from the joint?
9 "Mr. MacFerrin: Objection.
10 "Answer: There was definitely delivery set up
11 for the irrigant. I can't really speak to the evacuation
12 of it. I don't recall how that was set up.
13 "Question: Did you understand that when these
14 bipolar ablation probes were used in the cases that you
15 observed down in Florida, that there was electrical current
16 that was flowing from the active electrode to the return
17 electrode?
18 "Mr. MacFerrin: Wait.
19 "The Witness: Yes. When energy was activated,
20 that was correct. That is what would have been occurring.
21 "By Mr. Bobrow:
22 "Question: Did you understand that that was
23 occurring while the ablation was taking place that you
24 were observing in these cases?
25 "Mr. MacFerrin: Same objection.

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1 "The Witness: Yes.
2 "By Mr. Bobrow:
3 "Question: In the cases that you observed in
4 Florida where the bipolar ablation probes that came to be
5 called Saphyre were being used, was it your understanding
6 that there was electrical current that was flowing from
7 the active electrode to the return electrode through
8 either a saline or Ringer's lactate, whichever the
9 solution was that was being used?
10 "Answer: The question was, was I aware there
11 was electric current flowing?
12 "Question: From the active to the return
13 through the saline or Ringer's lactate.
14 "Mr. MacFerrin: Objection.
15 "Answer: Yes.
16 "By Mr. Bobrow:
17 "Question: Where it says full tissue contact
18 may not be required, I take it that that's talking about
19 the active electrode and not talking about the return
20 electrode; is that true?
21 "Answer: Yes. That's implied there.
22 "Question: And was the Saphyre product, to
23 your understanding, designed so that it could ablate
24 tissue and the return electrode would not be touching
25 the tissue to be ablated?

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1 "Answer: Let me see if I understand your
2 question correctly.
3 "Question: I will restate it.
4 "Was it your understanding that the Saphyre
5 bipolar ablation probe was able to ablate tissue without
6 the return electrode in contact with the tissue to be
7 ablated?
8 "Answer: It could ablate the tissue without
9 the return electrode being in contact with any tissue. It
10 was not required for the return electrode to be in contact
11 with tissue in order to ablate to the active electrode."
12 MS. LOUDEN: would you please put on the screen
13 PX-390, which was previously admitted into evidence?
14 (Exhibit placed on the screen.)
15 "By Mr. Bobrow:
16 "Question: If you look at 52425, the top
17 paragraph, the first sentence that you wrote there is
18 quote a conductive irrigation solution, such as lactate
19 of Ringer's or sterile saline, is required for
20 arthroscopic electrosurgical procedures.
21 "Do you see what I'm referring to there?
22 "Answer: Yes.
23 "Question: Did you believe that statement to be
24 true when you wrote it?
25 "Answer: Yes.

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1 "Question: By conductive irrigation solution,
2 did you mean electrically conductive?
3 "Answer: Yes.
4 "Question: Where it says, quote, sterile water
5 should not be used, do you see what I'm referring to?
6 "Answer: I see that.
7 "Question: When you wrote this, did you consider
8 sterile water to be non-conductive fluid?
9 "Answer: Yes."
10 (End of videotape.)
11 MS. LOUDEN: Now I will ask my colleague, David
12 Pollack, to come play the witness for the next few read-ins.
13 The next deposition testimony will be from the
14 deposition of Duane Marion, who was a Manager of Electrical
15 Engineering at Oratec, who will testify about the design of
16 the Saphyre product and evaluations of the product. So I
17 will play the role of the attorney who is asking the
18 questions and Mr. Pollack will answer the questions.
19 "Question: And is the Teflon insulation on
20 the shaft of the Saphyre bipolar ablation probe?
21 "Answer: Yes.
22 "Question: Does the insulation define the
23 limits of the return electrode?
24 "Answer: There are two layers of the
25 insulation. The outer layer defines the limits.

1 "Question: Of the return electrode?
 2 "Answer: Yes.
 3 "Question: Why don't you go ahead and take a
 4 moment to review Exhibit No. 39. Do you recognize this
 5 document?
 6 "Answer: Yes.
 7 "Question: What is it?
 8 "Answer: It's a copy of the slides used for the
 9 design review.
 10 "Question: What is a design review?
 11 "Answer: It's a meeting where the engineer in
 12 charge of the project describes the status of the project
 13 and describes the design concepts.
 14 "Question: : Who is the engineer in charge of
 15 this project?
 16 "Answer: Kate Knudsen."
 17 MS. LOUDEN: Your Honor, I would move PX-386
 18 into evidence.
 19 MS. BOYD: No objection, your Honor.
 20 THE COURT: Thank you.
 21 MS. LOUDEN: "Question: On the first page do
 22 you see how there's a three-column chart? I'm sorry. Next
 23 page.
 24 "Answer: Okay.
 25 "Question: And in the middle column, it refers

1 to the TurboVac 90. Do you know what the TurboVac 90 is?
 2 "Answer: I mean I know it's an ArthroCare
 3 probe. I couldn't point it out.
 4 "Question: Mr. Marion, do you recall earlier
 5 testifying about the return electrode in the Oratec Saphyre
 6 product?
 7 "Answer: Yes.
 8 "Question: And for the return electrode in the
 9 Oratec Saphyre product, is that covered by insulation?
 10 "Answer: Yes.
 11 "Question: Is all of the return electrode in
 12 the Saphyre bipolar product covered by insulation?
 13 "Answer: Is all the electrode covered? No.
 14 "Question: So does the insulation of the Oratec
 15 Saphyre product define the limit of the return electrode?
 16 "Answer: The return electrode, the insulation
 17 defines the exposed portion of the return electrode.
 18 "Question: The insulation does not define the
 19 limit of the return electrode; is that correct?
 20 "Answer: That's correct.
 21 MS. LOUDEN: Next you will hear from Kate
 22 Knudsen, who was one of the witnesses that Smith & Nephew
 23 indicated it will call later in its case. Ms. Knudsen
 24 was the project -- for the Saphyre. She will testify
 25 very briefly about the voltage ranges for the Saphyre

1 product.
 2 "Question: So at 120 watts and set cut mode, do
 3 you know what the maximum peak to peak voltage is on the
 4 Saphyre bipolar ablation probe?
 5 "Answer: I could calculate it.
 6 "Question: How would you calculate it?
 7 "Answer: The maximum peak to peak voltage for
 8 the Vulcan generator for a given power, 120 watts, is that
 9 power divided by 200 times 320 times 2.8, approximately."
 10 MS. LOUDEN: The next set of witnesses that you
 11 will hear from were involved in the design and marketing of
 12 Smith & Nephew's ElectroBlade and Control RF products.
 13 We're going to show one more video for now and this will
 14 be of Dianne DeLucia, who is a clinical research associate
 15 for the ElectroBlade and Control RF products, and her
 16 testimony will concern the clinical evaluation of the
 17 products.
 18 (Videotape played as follows.)
 19 "Question:
 20 "Question: What did you learn about the
 21 ElectroBlade Resector during your discussions with the
 22 project leader and the Marketing Manager?
 23 "Answer: I learned -- excuse me -- I learned
 24 what it did. I learned what the indications for it were.
 25 And I learned why we were developing it.

1 "Question: Now, what were you told that the
 2 ElectroBlade Resector did?
 3 "Answer: It provided mechanical resection and
 4 coagulation capabilities in the same instrument.
 5 "Question: When you say coagulation
 6 capabilities in the same instrument, what do you mean by
 7 that?
 8 "Answer: Just what I said.
 9 "Question: Let me ask it a little differently.
 10 "When you use the term coagulation, what do you
 11 mean by that?
 12 "Answer: By coagulation, I mean that it
 13 coagulated the blood in blood vessels.
 14 "Question: Were you told that the ElectroBlade
 15 Resector was indicated for arthroscopic applications?
 16 "Answer: Yes.
 17 "Question: And were you also told that the
 18 ElectroBlade Resector was indicated for use in saline or
 19 a Ringer's lactate environment?
 20 "Answer: Yes.
 21 "Question: And were you told that it was
 22 contraindicated for applications that did not use saline
 23 or Ringer's lactate?
 24 "Answer: Yes.
 25 "Question: And in the world that you work in

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1 the medical devices and the like, what does it mean for
 2 something to be contraindicated?
 3 "Answer: It means that you recommend that it
 4 not be used under those circumstances.
 5 "Question: I see. So, in effect, you were
 6 told that Smith & Nephew was recommending that the
 7 ElectroBlade Resector not be used without the presence of
 8 saline or Ringer's lactate in the joint cavity where the
 9 arthroscopic procedure was being undertaken?
 10 "Answer: Correct.
 11 "Question: Are you familiar with a product
 12 called an IntelliJet fluid management system?
 13 "Answer: I know the name.
 14 "Question: Do you know what it is?
 15 "Answer: It's a pump that provides irrigating
 16 fluid during operative procedures.
 17 "Question: Is it a pump that's made by Smith &
 18 Nephew?
 19 "Answer: It is sold by Smith & Nephew.
 20 "Question: Now, in connection with the
 21 ElectroBlade Resector clinical evaluations, is it the
 22 case that the ElectroBlade Resector was used on live
 23 human beings?
 24 "Answer: Yes.
 25 "Question: Were some of those operations

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1 using the ElectroBlade Resector on live human beings
 2 performed in the United States?
 3 "Answer: Yes.
 4 "Question: Were some of them performed in
 5 Canada?
 6 "Answer: Yes.
 7 "Question: Were those the two countries?
 8 "Answer: Yes.
 9 "Question: What percentage approximately, in
 10 approximate terms, were in the U.S. versus Canada? Do you
 11 have any recollection of that.
 12 "Answer: Approximately 3 percent were
 13 performed in Canada and approximately 97 percent were
 14 performed in the United States.
 15 "Question: In connection with the clinical
 16 evaluations performed in the United States, were the
 17 surgeons who use the ElectroBlade Resector on live
 18 patients asked to use the device to coagulate using RF
 19 energy?
 20 "Answer: No.
 21 ---
 22 "Question: Did surgeons, in fact, use the
 23 ElectroBlade resector to coagulate using the Control RF?
 24 "Answer: Some of them did.
 25 "Question: Did Smith & Nephew ask the surgeons

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1 who used the ElectroBlade resector in the clinical
 2 evaluations to follow any certain procedures or protocols?
 3 "Answer: Yes.
 4 "Question: What were the surgeons asked by
 5 Smith & Nephew to do?
 6 "Answer: That is contained in a document that
 7 has been provided --
 8 "Question: Which document?
 9 "Answer: -- in the deposition.
 10 "Question: Pardon? I didn't mean to interrupt.
 11 "Which document is that?
 12 "Answer: It would be the supplemental training
 13 checklist.
 14 ---
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 2 "Question: Were other instructions provided to
 3 the surgeons by Smith & Nephew in terms of steps or
 4 procedures to follow when using the ElectroBlade Resector
 5 on live patients in clinical evaluations?
 6 "Answer: The surgeons were asked to view a
 7 training CD prior to going into surgery.
 8 "Question: Anything else that the surgeons
 9 were asked to do by Smith & Nephew in connection with the
 10 clinical evaluations besides follow the supplemental
 11 training checklist and view the training CD before surgery?
 12 "Answer: No.
 13 "Question: Did Smith & Nephew provide
 14 ElectroBlade Resectors to the surgeons who performed the
 15 clinical evaluations?
 16 "Answer: Yes.
 17 "Question: Approximately how many
 18 ElectroBlade Resector devices were provided to surgeons
 19 in the United States in connection with the clinical
 20 evaluations?
 21 "Answer: Approximately 105.
 22 "Question: Were the ElectroBlade Resectors
 23 that were provided by Smith & Nephew to the surgeons for
 24 use in the clinical evaluations in the United States
 25 packaged in a sterile package?

1 expertise, if any?
 2 "Answer: I really wouldn't claiming to be an
 3 authority on what the internal expertise of the firm was.
 4 "Question: Have you ever seen an actual Control
 5 RF as sold by Smith & Nephew?
 6 "Answer: Know.
 7 "Question: Have you ever seen an actual
 8 ElectroBlade as sold by Smith & Nephew?
 9 "Answer: No.
 10 "Question: Have you ever heard of anyone using
 11 either of those two devices?
 12 "Answer: No.
 13 "Question: Do you understand what the purpose
 14 of the return electrode on the Control RF was intended to
 15 be?
 16 "Answer: The purpose of the return electrode
 17 on a Control RF intended to be. I guess I don't really
 18 understand your question.
 19 "Question: Was the return electrode on the
 20 Control RF intended to be in contact with the tissue?
 21 "Answer: Oh, no. That's not my understanding.
 22 "Question: And for the ElectroBlade, was the
 23 return electrode intended to be in contacted with the
 24 tissue?
 25 "Answer: My understanding was it was not

1 intended to be in contact with the tissue.
 2 "Question: And was the reason why it need not
 3 be in contact with the tissue is that these devices were
 4 intended to be used with an electrically conducting fluid
 5 like saline?
 6 "Answer: That's my understanding.
 7 "Question: If I could have the Court Reporter
 8 mark as the next exhibit in order PX-735, a document that
 9 I will hand up to you in just a moment. And if you could
 10 just take a moment to look at the document and tell me if
 11 you recognize what it is...
 12 "Answer: I believe this document, what I was
 13 referring to earlier, has a scoping study. The title is
 14 initial assessment of the feasibility of using radio
 15 frequency electrical energy in new arthroscopic surgical
 16 instruments.
 17 "Question: And based on your --
 18 MS. BOYD: Objection, your Honor. There's a
 19 misstatement in the reading of the transcription. It's --
 20 it reads, the title is initial assessment of the
 21 feasibility using radio frequency electrical energy in new
 22 arthroscopic surgical instruments.
 23 MS. LOUDEN: I apologize. I stand corrected.
 24 "Question: And based on your review of this
 25 document, is that what it is?

1 "Answer: Yes.
 2 "Question: Did you draft this document?
 3 "Answer: Yes.
 4 "Question: And who asked you to draft this
 5 document?
 6 "Answer: The Endoscopy Division of Smith &
 7 Nephew.
 8 (Videotape stopped.)
 9 MS. LOUDEN: Your Honor, at this time I would
 10 move PX-735 into evidence.
 11 MS. BOYD: No objection, your Honor.
 12 THE COURT: Thank you.
 13 *** (Plaintiff's Exhibit No. 735 was received into
 14 evidence.)
 15 MS. LOUDEN: Please put it on the screen,
 16 PX-735.
 17 (Exhibit placed on the screen.)
 18 (Videotape played as follows.)
 19 "Question: Was there anyone in particular?
 20 "Answer: It was almost certainly Doug
 21 MacArthur.
 22 "Question: And what did Mr. MacArthur ask you
 23 to do?
 24 "Answer: Well, I don't know exactly, but from
 25 looking at this document, I imagine that he asked me to --

1 assess the feasibility of using RF electrical energy for
 2 arthroscopic instruments.
 3 "Question: Do you know why Mr. MacArthur asked
 4 you to do that?
 5 "Answer: I think because they were trying to
 6 determine if they wanted to get into the business or how
 7 they would get into the business. I don't know exactly.
 8 (Videotape stopped.)
 9 MS. LOUDEN: If I could have the Court
 10 Reporter mark as PX-94 a document bearing Bates number SN
 11 0034455...
 12 *** (Plaintiff's Exhibit No. 94 was marked for
 13 identification.)
 14 (Videotape played as follows.)
 15 "Question: If you could take a moment to review
 16 this document and let me know when you've done so...
 17 ---
 18 "Question (Continuing): And do you see in the
 19 'To' line of this memorandum that this was sent to Team
 20 Medical?
 21 "Answer: Yes.
 22 "Question: Can you tell me what the document is?
 23 "Answer: It appears to be a summary of Allen
 24 Oslan's understanding of the compositions of electrodes and
 25 ceramics in commercial products -- in selected commercial

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1 year for a startup company.
 2 Q. And how did the company do in 1998?
 3 A. The revenues more than doubled. We actually had
 4 just over 12 million in 1998, which was an even better
 5 second year.
 6 Q. During the first year or two that you were there,
 7 did ArthroCare add new products to its product line?
 8 A. We did. I thought it was very, very important that
 9 we be a very good product development organization, that
 10 we listen very carefully to what physicians said they
 11 wanted, and that we be very diligent to try and not only
 12 expand the products set, but so we had more specialized
 13 instruments for different surgeries, but also very
 14 diligent to improve the products set, so even instruments
 15 that we had, we iterated them, brought our newer
 16 instruments that had higher performance or better
 17 functionality.
 18 So we had been very productive in product
 19 development. I think over the last six years, we've
 20 brought out more than one new product a month, which in
 21 the medical device business is actually a pretty good
 22 performance.
 23 Q. Now, was there a time when ArthroCare came out with
 24 a new controller for its probes?
 25 A. There was. I thought it was very important that we

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1 bring out a new controller platform to replace the 970,
 2 which is the controller the company was selling when I
 3 joined the company, one that would have higher
 4 performance, one that would -- we could produce internally.
 5 We could build ourselves. I thought that was a very, very
 6 important piece of the product development effort and the
 7 overall strategy.
 8 So we had sort of, I guess the medical device
 9 equivalent of the Manhattan project on trying to get this
 10 controller ready for market and we launched it in November
 11 of 1997, about six months after I joined the company.
 12 Q. And is that controller still on the market?
 13 A. It is. It has been an extremely reliable and
 14 successful device. That's the System II House Controller.
 15 Q. And how many probes for arthroscopy does ArthroCare
 16 have on the market now?
 17 A. The arthroscopic product set includes about 30
 18 different disposable devices today, so we've, as you can
 19 see, we've been very diligent in expanding the product set
 20 and trying to improve it.
 21 Q. And generally, what do these products do?
 22 A. Generally, they're used for arthroscopic surgery,
 23 which is surgery inside of closed joints and they are used
 24 to either cut tissue or remove tissue or to coagulate
 25 bleeding blood vessels.

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1 MR. BLUMENFELD: Your Honor, could Mr. Baker
 2 just step down for a minute to show the jury what these
 3 products are?
 4 THE COURT: Yes.
 5 (At this point the witness stepped down from the
 6 witness stand and approached counsel table.)
 7 BY MR. BLUMENFELD:
 8 Q. Mr. Baker, we have a box here marked as Plaintiff's
 9 Exhibit 13.
 10 Could you just briefly explain to the jury what
 11 that is?
 12 A. Sure. This is the System 2000 Controller. You can
 13 see it's got a metal casing on it. For a piece of
 14 electronics, it's relatively durable.
 15 And then there are a number of connections in
 16 the front where you would connect in the patient cable,
 17 which is a cable that connects this controller to the
 18 actual disposable device. And this is the part that
 19 actually touches the patient. This is shipped in a sterile
 20 package and then after it's used, it's meant to be
 21 discarded.
 22 And this cable fits into the controller, and
 23 then there's also connections here for a -- an actual
 24 control unit, to turn the therapy on and off and to adjust
 25 the level of the therapy. That would be either a foot

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1 switch, which we don't have here, or a hand switch, which
 2 we fit on here, depending upon how the surgeon wants to
 3 do the procedure.
 4 BY MR. BLUMENFELD:
 5 Q. And what is -- the probe that you have in your hand is
 6 marked PX-20.
 7 Can you tell what probe that is?
 8 A. This looks like an Illuminator. In fact, I'm sure
 9 it is. This is one of our -- our more popular probes.
 10 It's a 90-degree probe. And one of the ones that we
 11 brought out actually shortly after the System 2000 was
 12 introduced.
 13 Q. Okay. Thank you, Mr. Baker.
 14 A. Yes.
 15 (At this point the witness then resumed the
 16 witness stand.)
 17 BY MR. BLUMENFELD:
 18 Q. You mentioned arthroscopy a couple of times, Mr.
 19 Baker.
 20 What percentage of ArthroCare's business is
 21 in arthroscopy?
 22 A. Well, when I joined the company, all of our business
 23 was in arthroscopy. It was really the only business we
 24 had. And today, even six years later, it's still a vast
 25 majority of our business.

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1 It's then between 75 and 80 percent of our
 2 sales in most of the recent quarters I believe, in the
 3 first quarter of this year was 77 percent of our sales.
 4 Q. And how important is arthroscopy to ArthroCare's
 5 business?
 6 A. It's kind of difficult to overstate the importance
 7 of arthroscopy device. It is the business that pays the
 8 bills. It's the biggest business. It's the business
 9 that's profitable. And without the arthroscopy business,
 10 we probably would not be a viable company.
 11 Q. Now, what types of patients are these arthroscopy
 12 products used with?
 13 A. You know, sometimes when you talk to people about
 14 arthroscopy, they immediately go to sort of thinking about
 15 high level athletes. Those people are patients, Olympic
 16 athletes. When you go into a surgical suite and you see
 17 who's getting arthroscopy on any given day, you're going
 18 to see all kinds of people. Everyone from older folks
 19 who may have had an injury or some kind of degenerative
 20 disease to weekend warriors like myself, who may be, you
 21 know, who maybe over did it a little bit and need some
 22 repair to some trauma or maybe the kids who may have hurt
 23 themselves playing soccer or baseball. Arthroscopic
 24 surgery is done on just about the full spectrum of the
 25 population.

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1 Q. And since ArthroCare started marketing products in
 2 1995, how many controllers have been placed?
 3 A. We've actually shipped or placed over 17,000
 4 controller units in the last six years.
 5 Q. And what types of places do you ship controllers to?
 6 A. The majority of them go to hospitals, although we're
 7 seeing more and more of them go to freestanding surgery
 8 centers or even the physicians' offices where surgery might
 9 be performed.
 10 Q. And how many probes has ArthroCare sold?
 11 A. We've actually sold over two million disposable
 12 probes, which is an astounding number for a company of our
 13 relative youth.
 14 Q. Now, you said that ArthroCare's revenues in 1996
 15 were about \$6 million and then they doubled the following
 16 year.
 17 What were ArthroCare's revenues in 2002?
 18 A. Our 2002 revenues were just over \$89 million.
 19 Q. And, Mr. Baker, are patents important to ArthroCare's
 20 business?
 21 A. They're absolutely critical. We're -- we really are
 22 a platform technology company. Almost everything we do is
 23 based on this technology that our founders invented. It's
 24 very, very important that we be able to establish
 25 ownership for the fruits of the enormous investment that

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1 we make in research and development. That's the only way
 2 that we can earn a return for our shareholders and it's
 3 very important that we -- we get patents and that we
 4 protect patents to protect the research work and the
 5 inventions that our shareholders will pay for.
 6 Q. Now, you talked about the research work, Mr. Baker.
 7 How much did ArthroCare invest in research
 8 and development, say last year?
 9 A. In the last couple of years, we have almost
 10 continuously invested over 10 percent of our revenues back
 11 in research and development, so we are very diligent about
 12 making sure that we sufficiently fund the research and
 13 development effort because it is at the core of everything
 14 that we do.
 15 Q. How many United States patents does ArthroCare own?
 16 A. I believe we have over 70 issued U.S. patents with
 17 over a hundred applications still pending.
 18 Q. Now, you understand that two of the patents in this
 19 case are what we've been referring to as the '536 and the
 20 '882 patents?
 21 A. That's correct.
 22 Q. And do you remember when those patents issued?
 23 A. Yes. I believe those patents issued in December of
 24 1997.
 25 Q. Was that an important event to ArthroCare?

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1 A. Very important event.
 2 Q. And why was that an important event?
 3 A. Well, these were the first and -- first patents that
 4 issued since I joined the company that really were broad
 5 patents covering the inventions that -- that had been made
 6 that were at the core of our product line.
 7 So it was very important to us -- first off, we
 8 were very proud of them because an enormous amount of work
 9 had gone into them. We also thought it was very important
 10 to let the world know those patents had issued. Both the
 11 industry, so they knew the patents existed, but also I
 12 think investors had legitimate right to know, too.
 13 So we made a press release in December of '97,
 14 talking about the patents.
 15 Q. Now, in 1998, how was ArthroCare's business threaten?
 16 A. Could you repeat the question, please?
 17 Q. In 1998, how was ArthroCare's business doing?
 18 A. How was it doing?
 19 Q. Yes.
 20 A. 1998 actually was -- we more than doubled revenue
 21 over the year before, and we began to work diligently,
 22 trying -- to try and begin the initial efforts to
 23 commercialize this technology in some areas other than
 24 arthroscopy.
 25 Q. All right. Do you remember a time in the summer

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1 of 1998 when ArthroCare was contacted by Smith & Nephew?
 2 A. Yes, I do.
 3 Q. And can you explain to the jury what that contact
 4 was?
 5 A. I believe it was a phone call, and I'm not sure
 6 whether it came into Christine or -- Christine Hanni,
 7 who was my Chief Financial Officer at the time, or whether
 8 it came into John Raffle's office. But it was an inquiry
 9 from Smith & Nephew about the possibility of having sort
 10 of a confidential business discussion.
 11 Q. And at the time that contact came in, were you
 12 made aware of it?
 13 A. Yes.
 14 Q. Were you familiar with Smith & Nephew when that
 15 contact was made?
 16 A. Yes. At that point, all -- all of our business was
 17 really in arthroscopy and Smith & Nephew is probably the
 18 largest company in arthroscopy in terms of number of
 19 products, size of sales, size of sales force. So it --
 20 it would have been impossible not to have been aware of
 21 them.
 22 Q. And what did you understand Smith & Nephew's
 23 arthroscopy product line to include at that time?
 24 A. At that time, Smith & Nephew had a very broad and
 25 large arthroscopy product line. They had the video

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1 systems, the pump systems for fluid delivery, the powder
 2 instrument systems, hand instruments as well as sort of
 3 procedure specific implantable devices, like screws,
 4 anchors, things that might be left behind inside a patient
 5 as part of a repair.
 6 So they had a very broad arthroscopic product
 7 line.
 8 Q. Now, did that product line include a bipolar radio
 9 frequency device?
 10 A. No, it did not.
 11 Q. Do you have your notebook of exhibits in front of
 12 you? Can you take a look at Exhibit 676, Plaintiff's
 13 676. It's probably the last one in the book.
 14 A. I've got it.
 15 Q. And what is Exhibit 676?
 16 A. This is a letter that is to Miss Christine Hanni,
 17 who at that time was my Chief Financial Officer, from a
 18 David Balford, whose job title is listed as Technology
 19 Business Manager at Smith & Nephew.
 20 Q. And when was the letter dated?
 21 A. The letter is dated July 17th, 1998.
 22 Q. Did you see the letter in the summer of 1998?
 23 A. I did.
 24 MR. BLUMENFELD: Your Honor, we offer Exhibit
 25 676 into evidence.

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1 MR. MARSDEN: No objection.
 2 THE COURT: Thank you.
 3 DEPUTY CLERK: So marked.
 4 *** (Plaintiff's Exhibit No. 676 was received into
 5 evidence.)
 6 BY MR. BLUMENFELD:
 7 Q. If you look at the first paragraph of the letter, Mr.
 8 Baker, you see there's a reference to a meeting with Ms.
 9 Hanni and you on August 10, 1998.
 10 A. That's correct.
 11 Q. And did you attend that meeting?
 12 A. I did.
 13 Q. Where was the meeting?
 14 A. The meeting was actually held at our old
 15 headquarters in Sunnyvale. We held it in our main
 16 conference room.
 17 Q. And what was the purpose of that meeting?
 18 A. Well, the meeting was the meeting that Smith &
 19 Nephew had asked for. And it was to discuss, I guess,
 20 broadly, the possibilities of what Mr. Balford refers to
 21 here as future business opportunities between ArthroCare
 22 and Smith & Nephew.
 23 Q. Who was at the meeting on behalf of Smith & Nephew?
 24 A. Mr. Balford was at the meeting. Mr. Doug MacArthur
 25 was at the meeting and he's a Group Manager in R&D and

Page

1 Todd Plevinsky also attended that meeting.
 2 Q. Before the meeting, did ArthroCare and Smith & Nephew
 3 sign a nondisclosure agreement?
 4 A. I believe that we did.
 5 Q. Can you take a look at Plaintiff's Exhibit 93 in your
 6 book?
 7 A. I have it.
 8 Q. What is Exhibit 93?
 9 A. Exhibit 93 is a -- an evaluation, nondisclosure
 10 agreement. It's on the Endoscopy Division, Smith &
 11 Nephew letterhead.
 12 It is executed it looks like on the 22nd of
 13 July 1998.
 14 Q. Is it executed both by Smith & Nephew and by
 15 ArthroCare?
 16 A. That's correct.
 17 MR. BLUMENFELD: Your Honor, we move
 18 Plaintiff's Exhibit 93 into evidence.
 19 MR. MARSDEN: No objection.
 20 THE COURT: Thank you.
 21 DEPUTY CLERK: So marked.
 22 *** (Plaintiff's Exhibit No. 93 was received into
 23 evidence.)
 24 BY MR. BLUMENFELD:
 25 Q. Now, did ArthroCare want a nondisclosure agreement

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1 before meeting with Smith & Nephew?
 2 A. A nondisclosure agreement would have been normal in
 3 a meeting of this type, particularly with an agenda as
 4 broad as the one Smith & Nephew had requested. It would
 5 have been possible that we would not only potentially
 6 discuss the confidential business topics, but that we
 7 would have discussed confidential and proprietary
 8 technical topics as well.
 9 Q. Let's turn back to the meeting itself, the August
 10 1998 meeting.
 11 MR. BLUMENFELD: Can you put 676 back up,
 12 please?
 13 BY MR. BLUMENFELD:
 14 Q. At the bottom of the page, do you see there's an
 15 agenda for the meeting?
 16 A. Yes.
 17 Q. And Mr. Balford indicated that he was going to give
 18 a presentation on who is Smith & Nephew and the power of
 19 Smith & Nephew global sales. Do you see that?
 20 A. Yes.
 21 Q. Do you remember whether Mr. Balford did give such a
 22 presentation at the meeting?
 23 A. He did, as a matter of fact.
 24 Q. Do you remember what he said about Smith & Nephew and
 25 its sales force?

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1 A. It was a general presentation about Smith & Nephew,
 2 some of which we knew, some of which we didn't, talking
 3 about not only the -- their very large presence in
 4 arthroscopy and the strength of their global sales group
 5 and their other products that they had, but also about
 6 the broader company and the other divisions of the company
 7 and the other divisions activities as well.
 8 MR. BLUMENFELD: Can you turn to Page 2, Chris?
 9 BY MR. BLUMENFELD:
 10 Q. At the top of Page 2 there's a heading under
 11 MacArthur's name. It says discussion of ArthroCare's
 12 technology and how it might, quote, fill the hole, close
 13 quote, in the Smith & Nephew endoscopy product line. Do
 14 you see that?
 15 A. Yes.
 16 Q. At the August 10th meeting was there a discussion
 17 about filling the hole in Smith & Nephew's product line?
 18 A. Yes. There was quite a bit of discussion about
 19 that. I think that was the central purpose of the meeting.
 20 The reason they had asked for it. While Smith & Nephew
 21 had a very large arthroscopic product line, it really
 22 didn't have any product that was like the ArthroCare
 23 product.
 24 Q. And did Mr. MacArthur talk to you about ArthroCare's
 25 technology?

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1 A. The entire Smith & Nephew team talked to us about
 2 our technology and, frankly, they were quite complimentary.
 3 I think they had been hearing a lot from customers and
 4 from their distributors about our activities in the field
 5 and how things were going and obviously our sales numbers
 6 had been going up quite steeply, so I think they were very
 7 aware of the product line and they were quite complimentary
 8 about it.
 9 Q. Now, at the August 10th meeting, was there any
 10 discussion about ArthroCare's patents?
 11 A. There was. It was clear to us they were aware of
 12 them. It's funny how it happened.
 13 We actually the just gotten the plaques in
 14 from the patents that had issued back in December. When
 15 you get an U.S. patent, you get the option to purchase a
 16 plaque, which is like a piece of wood with a metal plate
 17 on the front of it that's the first page of the patent.
 18 And we routinely do that because it's, you know, a lot of
 19 work goes into these patents and I can put them on the
 20 wall. Employees can see them and see that -- some
 21 physical reminder of the company's progress and things
 22 like this.
 23 ---
 24 A. (Continuing) We actually hung those plaques in the
 25 conference room where the meeting was to be held. And

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1 they were setting up for the meeting, they noticed them
 2 and commented on them. They asked us if those were the
 3 plaques for the patents that had just issued in December.
 4 Again, they were very complimentary about the patents
 5 themselves.
 6 And so it was very clear to us they knew about
 7 the patents.
 8 Q. How did the August 10th, 1998 meeting end?
 9 ---
 10 A. We had a broad discussion about the ways that the two
 11 companies might collaborate and obviously there's a range
 12 of ways you could do that. And then we ended the meeting
 13 agreeing that we would have further followup discussions
 14 to try to explore some more specific ideas of types of
 15 collaboration that might -- that might work for both
 16 companies.
 17 Q. And were there further discussions with Smith &
 18 Nephew?
 19 A. Yes, there were. There were a number of phone
 20 conversations and teleconferences, and I believe there
 21 were also facts as exchanged, including a fairly specific
 22 proposal from ArthroCare for the business relationship.
 23 Q. Now, Mr. Baker, can you turn to Exhibit 147, please?
 24 What is Plaintiff's Exhibit 147?
 25 A. This is a letter from David Balford to me, dated

1 August 27, 1998.
 2 Q. And --
 3 MR. BLUMENFELD: Your Honor, we offer Exhibit
 4 147 into evidence.
 5 MR. MARSDEN: No objection, your Honor.
 6 THE COURT: Thank you.
 7 DEPUTY CLERK: So marked.
 8 *** (Plaintiff's Exhibit No. 147 was received into
 9 evidence.)
 10 MR. BLUMENFELD: Put that up.
 11 BY MR. BLUMENFELD:
 12 Q. Is this, in fact, the letter you received in the
 13 summer of 1998 from Mr. Balford?
 14 A. It is.
 15 Q. It refers to a telephone conference of August 20,
 16 1998 and a possible distribution alliance.
 17 The next sentence says Smith & Nephew endoscopy
 18 prefers considering worldwide exclusivity in the field of
 19 arthroscopy rather than the nonexclusive option which you
 20 presented.
 21 The nonexclusive option, is that what you had
 22 just referred to as the proposal that you made?
 23 A. That's correct. We had had some successes in
 24 having a relationship with other companies before. We
 25 had proposed a nonexclusive relationship, where we would

1 design and manufacture some product for them that they
 2 could use to fill the hole in their product line I guess
 3 is the best way to put it.
 4 Their counter-proposal and their strong
 5 preference was for an exclusive option, which would have
 6 required us to exit the business and give them sole --
 7 have them be the sole player in the market. The only
 8 person out there with our technology.
 9 There were a number of reasons, as you can
 10 imagine, why that was problematic for us.
 11 Q. There's also a reference in that paragraph to
 12 samples of the latest ArthroCare system and probe
 13 technology.
 14 Do you see that?
 15 A. Yes.
 16 Q. And during the communications with Smith & Nephew in
 17 the summer of 1998, was there discussion of providing
 18 samples of ArthroCare products to Smith & Nephew?
 19 A. Yes. In particular, I recall they were interested
 20 in getting samples of some of our most recently designed
 21 highest performance products.
 22 Q. And did they say why they wanted those products?
 23 A. They said they wanted to do some testing and
 24 evaluation on them.
 25 Q. And what products did you ultimately provide to

1 Smith & Nephew in the summer of 1998?
 2 A. Well, there was some discussion back and forth about
 3 what they wanted and what we'd be willing to provide. I
 4 believe we proposed a subset of our products. They
 5 ultimately refined that proposal and we ultimately agreed
 6 to sell them a relatively small quantity of some of our
 7 newer products.
 8 Q. Can you look at Exhibit 170, Plaintiff's Exhibit 170
 9 in your notebook, please?
 10 A. I have it.
 11 Q. What is Exhibit 170?
 12 A. This is a Fax to Mr. David Balford from me.
 13 Q. What is the date?
 14 A. It appears to have been sent on September the 21st,
 15 1998.
 16 MR. BLUMENFELD: Your Honor, we move Plaintiff's
 17 Exhibit 170 into evidence.
 18 MR. MARSDEN: No objection.
 19 THE COURT: Thank you.
 20 *** (Plaintiff's Exhibit No. 170 was received into
 21 evidence.)
 22 BY MR. BLUMENFELD:
 23 Q. What was this Fax about, Mr. Baker?
 24 A. I believe this was our proposal to them of what they
 25 should purchase for evaluation product.

1 Q. And there was a note at the bottom about calling you
 2 with any changes or comments.
 3 Do you remember, did you get any changes or
 4 comments from Smith & Nephew?
 5 A. We did.
 6 Q. Can you look at Exhibit 621 in your book, please?
 7 A. I have it.
 8 Q. What is Exhibit 621?
 9 A. This is a Fax to me from a Donna Bayliss, I believe
 10 it is, at Smith & Nephew, dated the 22nd of September 1998.
 11 MR. BLUMENFELD: Your Honor, we move Plaintiff's
 12 Exhibit 621 into evidence.
 13 MR. MARSDEN: No objection.
 14 THE COURT: Thank you.
 15 DEPUTY CLERK: So marked.
 16 *** (Plaintiff's Exhibit No. 621 was received into
 17 evidence.)
 18 MR. BLUMENFELD: Can you put that up, please?
 19 Can you turn to the second page?
 20 BY MR. BLUMENFELD:
 21 Q. What is Exhibit 621, Mr. Baker?
 22 A. This exhibit is a -- a Faxed purchase order that is
 23 signed. It has a purchase order number on it for a System
 24 2000 Controller as well as four different types of our
 25 newer disposable wands.

<p style="text-align: right;">Page 629</p> <p>1 Q. And were these products shipped to Smith & Nephew 2 in 1998? 3 A. They were. 4 Q. Now, the System 2000 that's listed as the first 5 item, is that what we marked as Plaintiff's Exhibit 13 6 (indicating)? 7 A. Well, yes. They're both System 2000 and. 8 Q. And one of the probes that's listed, Item No. 3, 9 that's -- it's listed as the Eliminator Wand. 10 Is that the same wand that has been marked as 11 Exhibit 20 (indicating)? 12 A. That's correct. That's a -- the probe attached to 13 the end of that cable there is the Eliminator. 14 Q. Now -- 15 MR. BLUMENFELD: Your Honor, at this time we'd 16 move Exhibits 13 and 20 into evidence. 17 MR. MARSDEN: No objection. 18 THE COURT: Thank you. 19 DEPUTY CLERK: So marked. 20 *** (Plaintiff's Exhibits No. 13 and 20 were received 21 into evidence.) 22 BY MR. BLUMENFELD: 23 Q. Now, when you send out probes like the Eliminator 24 Probe that's marked as Exhibit 20, does an IFU go with it? 25 A. That's correct. Regulations require that every</p>	<p style="text-align: right;">Page 631</p> <p>1 patents? 2 A. It does have several patent numbers listed here 3 again. 4 MR. BLUMENFELD: Can we turn to the second page? 5 Right down at the bottom. 6 BY MR. BLUMENFELD: 7 Q. Do you see U.S. patent numbers listed? 8 A. Yes. 9 Q. Did ArthroCare at that time, in 1998, list the '936 10 and the '882 patents in its IFU? 11 A. That's correct. 12 Q. Now, there's a third patent at issue here, the '592 13 patent. That's not listed here, is it? 14 A. I don't think the '592 had issued in 1998. 15 Q. All right. In addition to sending out an IFU at 16 the time, did an operator's manual go out when you shipped 17 the System 2000? 18 A. Yes. An operator's manual is included in every 19 System 2000 package. 20 Q. Can you turn to Plaintiff's Exhibit 668, please? 21 A. Okay. 22 Q. What is Exhibit 668? 23 A. This is an operator's manual for the System 2000, 24 dated January 1998. 25 Q. And would a copy of this operator's manual have been</p>
<p style="text-align: right;">Page 630</p> <p>1 product be shipped with an IFU. 2 Q. And what is an IFU? 3 A. It's an instructions for use document. It's the 4 document you've heard talked about quite a bit here, that 5 describes how the product is to be used. 6 Q. Can you take a look at Exhibit 667? 7 A. I have it. 8 Q. And what is Exhibit 667? 9 A. This is an IFU document for an ArthroCare ArthroWand. 10 Q. And is this the IFU that was being used in 1998? 11 A. This revision of the IFU was done in July of 1998, 12 so this is the one that would have been used. 13 Q. And would a copy of this IFU have been sent out 14 with the probes that were sent to Smith & Nephew in 1998? 15 A. Yes. 16 MR. BLUMENFELD: Your Honor, we offer 17 Plaintiff's Exhibit 667 into evidence. 18 MR. MARSDEN: No objection. 19 THE COURT: Thank you. 20 DEPUTY CLERK: So marked. 21 *** (Plaintiff's Exhibit No. 667 was received into 22 evidence.) 23 BY MR. BLUMENFELD: 24 Q. Now, the IFU that's in front of you, Exhibit 667, 25 does that have listed on it any numbers of ArthroCare's</p>	<p style="text-align: right;">Page 632</p> <p>1 included with the materials sent to Smith & Nephew? 2 A. Yes, it would have. 3 MR. BLUMENFELD: We also offer Exhibit 668 4 into evidence, your Honor. 5 MR. MARSDEN: No objection. 6 THE COURT: Thank you. 7 DEPUTY CLERK: So marked. 8 *** (Plaintiff's Exhibit No. 668 was received into 9 evidence.) 10 BY MR. BLUMENFELD: 11 Q. Now, are ArthroCare patents also listed in the 12 operator's manual? 13 A. Yes. I believe they're listed in the back. 14 Q. If you could turn to Page 7.1 -- or 7-1, I guess it 15 is, please. 16 A. I have it. 17 Q. Are the '536 and '882 patents also listed in this 18 manual? 19 A. That's correct. 20 Q. Now, after you sent the controller and the probes 21 and the papers to Smith & Nephew in the fall of 1998, 22 were there further discussions with Smith & Nephew? 23 A. Discussions, as I recall, went on for several more 24 weeks, before they more or less petered out sometime in 25 the fall.</p>

1 Dr. Choti is a cancer surgeon at Johns Hopkins
2 and we've brought him here to testify as an expert in the
3 use of electrosurgical devices and also their history,
4 their development and some of the technical background that
5 you'll need to understand in order to resolve the issues in
6 this case.

7 DIRECT EXAMINATION

8 BY MS. BOYD:

9 Q. Dr. Choti, can you introduce yourself to the jury,
10 please?

11 A. My name is Michael Choti. I'm a full-time faculty
12 member of Johns Hopkins in general and oncologic surgery.
13 Live in Baltimore, Maryland.

14 Q. And can you tell the jury your educational background,
15 starting with college, please?

16 A. I got a Bachelor of Science degree at the University
17 of California in Irvine. I went to Yale Medical School and
18 graduated in 1983. Did my general surgical training at the
19 University of Pennsylvania in Philadelphia. Went on and
20 did a two-year surgical oncology Fellowship at Memorial
21 Sloane-Kettering Cancer Center. And I've been on the
22 faculty, full-time faculty at Johns Hopkins for the last
23 eleven years, doing surgical oncology and general surgery.

24 Q. I'm bringing you a collection of some exhibits that
25 we're going to be using today (handing a notebook to the

1 witness). And we've also provided those to ArthroCare's
2 counsel.

3 Can you turn to Tab 422-A, please?

4 Is that a current copy of your academic resume
5 or curriculum vitae?

6 A. Yes, it is.

7 Q. Okay.

8 MS. BOYD: I'd like to move Defendant's Exhibit
9 No. 422-A into evidence.

10 MR. DEMASE: No objection.

11 THE COURT: Thank you.

12 DEPUTY CLERK: So marked.

13 *** (Defendant's Exhibit No. 422-A was received into
14 evidence.)

15 BY MS. BOYD:

16 Q. Dr. Choti, are you being compensated for your time
17 spent working on this case?

18 A. Yes, I am.

19 Q. And do you do a lot of consulting for lawsuits?

20 A. I do a few every year. Mostly medical malpractice.

21 Q. Have you ever testified in a patent infringement
22 case before?

23 A. No, I have not.

24 Q. And have you reviewed Dr. Goldberg's expert reports
25 that he submitted in this case?

1 A. Yes, I have.

2 Q. Did you see that he defined a person of ordinary
3 skill in the art or ordinary skill in this field as
4 someone with a Bachelor's degree in electrical engineering,
5 physics, mechanical engineering or medical science --
6 sciences, and experience with a design, development,
7 operation and evaluation of RF powered electrosurgical
8 devices for clinical applications?

9 A. Yes, based on that deposition, I think I qualify.

10 Q. Okay. So you are a person of ordinary skill in the
11 art under Dr. Goldberg's definition?

12 A. I think so.

13 Q. Do you use electrosurgery in your practice -- in your
14 surgical practice?

15 A. Yes, I do.

16 Q. How do you use electrosurgery?

17 A. Well, electrosurgery is all of surgery. Most of
18 surgery is done using electrosurgical devices. I would
19 say three-quarters of the -- of it -- of the time I'm in
20 the operating room doing surgical procedures, it's using
21 electrosurgical devices.

22 Q. When I think of surgery, I think of scalpels and
23 knives. Are those used in surgery?

24 A. Rarely now. It's poorly understood, but we really
25 rarely use a scalpel except for the making of a skin

1 incision. And really electrosurgical devices are used to
2 go through the -- flow through the tissues, to control
3 bleeding and to really perform most operations.

4 ***

5 Q. Can you give the jury some examples of the different
6 kinds of electrosurgical devices that you use in your
7 practice?

8 A. I perhaps use a half-dozen or a dozen different
9 electrosurgical devices, using a variety of different
10 types in operations. In some operations I may use three,
11 four, five devices in the same patient.

12 ***

1
2 Q. What would you say the most common electrosurgical
3 device is that you use?
4 A. Most common is probably the Bovie electroartery or
5 Bovie scalpel.
6 Q. What does that device do?
7 A. It's a device that uses electrosurgery in a monopolar
8 system that's used for a variety of functions, including
9 cutting through tissue, coagulating or controlling bleeding,
10 dessicating tissue or destroying tissue in some cases.
11 Q. You used a term that we've heard a little bit about
12 in this trial. You used the term monopolar and we've also
13 heard bipolar.
14 Can you explain for the jury what the
15 difference is between those two kinds of devices?
16 A. It's based on really the circuit. Every
17 electrosurgical device needs a continued circuit between
18 the generator through the -- to the patient and back to
19 the generator.
20 A monopolar system, which is the most commonly
21 used form, is -- is where a grounding pattern, dispersive
22 electrode, the return electrode is placed as a gel pad on
23 the skin of the surface and the device itself is like a
24 probe that the current flows out of.
25 So the active electrode in a monopolar system

1 one wants.
2 Q. Okay. In general, how does electrosurgery work?
3 What is the mechanism that's being used?
4 A. It's really using electrical current to generate
5 heat. It's really thermal injury heat destruction of
6 tissue.
7 As the current flows and enters at the point
8 of the active electrode, heat is generated and thus
9 controls, has the effects that we talked about.
10 Q. All right. One of the other things that we've heard
11 some about during this trial is devices that use saline,
12 electrosurgical devices that use saline versus those that
13 don't.
14 Can you explain for the jury why you would use
15 saline when you are using an electrosurgical device?
16 A. Saline can be used in the area of the active
17 electrode or in the area of the electrode in order to kind
18 of enhance the ability of that tip to perform. Really,
19 what saline does it it improves the contact between the
20 tip and the tissue, allowing current to flow better into
21 the tissue, sometimes generating heat, in some cases
22 actually having cooling effect, so it can enhance in some
23 cases the performance of the device.
24 Q. All right. And can you give the jury some examples
25 of particular procedures that you use electrosurgical

1 is at the tip of the probe. The current flows through the
2 patient and out this dispersive or grounding or return pad.
3 Q. Okay. And that's a monopolar device?
4 A. Monopolar system.
5 Q. Can you explain a bipolar device and how that's
6 different?
7 A. A bipolar device is where the return electrode, if
8 you will, in addition to the active electrode or both
9 electrodes are brought within the surgical field. In the
10 classic bipolar devices, where both electrodes are active
11 electrodes, or both are symmetric. For example, a bipolar
12 electrosurgical forceps, where the current flows from one
13 tip to the other tip of a forceps to control bleeding, for
14 example.
15 Q. Okay. Do you use both monopolar and bipolar devices
16 in your practice?
17 A. Yes, frequently.
18 Q. Which was developed first? Monopolar or bipolar?
19 A. Monopolar was the first developed, fifty to a hundred
20 years ago.
21 Q. Okay. And are there advantages to bipolar devices
22 over monopolar devices?
23 A. It really depends on the setting. There are some
24 cases when bipolar devices may be more advantageous and
25 some cases in which monopolar may have the effect that

1 devices for?
2 A. That I use --
3 Q. In your own practice?
4 A. Saline enhanced?
5 Q. Just in general, again.
6 A. Well, the -- as I mentioned, this Bovie electric
7 artery, a Bovie scalpel is a monopolar without saline.
8 There are devices, such as a -- a tissue linked dissector
9 device, which is a monopolar saline-enhanced device.
10 There are bipolar saline-enhanced devices and there are --
11 so all varieties of them.
12 As I say, I may use six or eight different
13 types.
14 Q. Do you ever work with radiologists in your practice?
15 A. Frequently.
16 Q. What -- how does a cancer surgeon and a radiologist,
17 how do you work together?
18 A. They're an important part of the team that takes
19 care of cancer patients, for example. Mostly diagnostic
20 in the form of reading X-rays and diagramming cancer, for
21 example.
22 Q. Do you ever instruct radiologists on how to use
23 electrosurgical techniques or electrosurgical devices for
24 your patients?
25 A. Well, radiologists infrequently use electrosurgical

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1 discussion in front of the jury. So for the moment, we'll
 2 move on. We might come back to it.
 3 BY MS. BOYD:
 4 Q. Assuming that the '882 patent requires three or
 5 four electrodes, at least three or four electrodes, does
 6 the Saphyre product infringe the '882 patent?
 7 MR. DEMASI: Objection, your Honor. Again,
 8 this is outside the scope. She's essentially asking
 9 whether the Saphyre --
 10 THE COURT: She's essentially asking what?
 11 MR. DEMASI: Whether the Saphyre probe
 12 infringes the '882 and that -- on this particular
 13 noninfringement argument, and that's not within his report.
 14 MS. BOYD: His report describes the products
 15 and describes how many electrodes are on all the products
 16 and that's all this question goes to.
 17 THE COURT: Well, infringing is a lot more
 18 than just that one issue, so if you rephrase the question,
 19 it might be permissible. I don't believe it is at this
 20 point.
 21 MS. BOYD: Okay.
 22 BY MS. BOYD:
 23 Q. How many electrodes does the Saphyre product have?
 24 A. Two electrodes.
 25 Q. Okay. Could a device that has two electrodes

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1 infringe a patent that requires three or more electrodes?
 2 MR. DEMASI: Objection, your Honor. Again,
 3 she's trying to do the same thing. It's outside the scope
 4 of his report.
 5 THE COURT: Sustained.
 6 MS. BOYD: Thank you.
 7 BY MS. BOYD:
 8 Q. Turning to the '592 patent, did you review the '592
 9 patent in your work on this case?
 10 A. Yes, I did.
 11 MS. BOYD: Can we have the claim construction
 12 rule on the screen, please?
 13 THE COURT: If I might say, there's just
 14 nothing in this report that has anything to do with claim
 15 construction and an infringement analysis, so unless
 16 there's some report that I'm not seeing --
 17 MS. BOYD: I believe you have the opening
 18 report. The infringement analysis is in the rebuttal
 19 report.
 20 THE COURT: All right.
 21 MS. BOYD: I can hand up a copy of it to you,
 22 if you'd like.
 23 THE COURT: Well, if you say it's there, I
 24 will assume it is, and there won't be an objection, so I
 25 won't need to see it.

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1 MS. BOYD: Okay. Thank you, your Honor.
 2 BY MS. BOYD:
 3 Q. Did you review Judge Robinson's claim construction
 4 order that defines certain of the terms in the patents in
 5 suit in this case?
 6 A. Yes, I did.
 7 MS. BOYD: We're having some technical
 8 difficulties. We can put it up later.
 9 BY MS. BOYD:
 10 Q. Are you familiar with Judge Robinson's decision on
 11 what the '592 patent means when it says that the return
 12 electrode must be spaced away from the tissue or that it
 13 not contact the tissue?
 14 A. Yes.
 15 Q. Okay. And are you aware that that definition was --
 16 the definition was that the return electrode is not to
 17 contact the body at all during the performance of the
 18 claimed method?
 19 A. Yes.
 20 Q. Based on your study of the Saphyre ElectroBlade and
 21 Control RF products, does the return electrode touch the
 22 body during the performance of the claimed method?
 23 A. Yes. It appears to touch the tissue frequently
 24 during the performance of the -- use of the product.
 25 Q. How do you know that?

Page

1 A. Both by -- by my testing of the product in a -- in
 2 a cadaveric shoulder as well as reviewing the use videos.
 3 Q. Okay. I think we have the claim construction
 4 language now that we can put up on the screen just so we
 5 know what we are talking about.
 6 MS. BOYD: Can you scroll to the next page?
 7 Yes. If you can pull out Paragraph 4. Actually, that
 8 heading plus the paragraph underneath it.
 9 Thank you.
 10 BY MS. BOYD:
 11 Q. Okay. You said that you reviewed some videos. What
 12 sort of videos did you review of the Saphyre and Control
 13 RF and ElectroBlade?
 14 A. Sales videos regarding its use as well as my testing.
 15 Q. So these were videos that Smith & Nephew had put
 16 together?
 17 A. Yes.
 18 Q. Okay. And what kind of testing did you do of the
 19 products?
 20 A. In a -- in a human cadaver, shoulder, I tested the,
 21 all three devices. To the best of my knowledge, part of
 22 the work -- part of the testing that I did looked --
 23 demonstrated how it performed -- performs in what I
 24 thought was a normal procedure.
 25 Q. Okay. So some of the testing that you did, you

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1 were trying to simulate an arthroscopic procedure using
 2 this device?
 3 A. Some of the testing, yes.
 4 Q. And when you did those tests, what did you observe
 5 regarding the return electrode and how it worked or what
 6 it touched or didn't touch?
 7 A. During the use of the electrode, the -- during the
 8 use of the product, the return electrode frequently
 9 contacted the tissue within the joint capsule.
 10 Q. Okay. Were there times when it didn't touch?
 11 A. Yes.
 12 Q. Okay.
 13 A. Yes.
 14 Q. And the device worked when it didn't touch?
 15 A. The device worked when the return electrode didn't
 16 touch as long as the active electrode was touching the
 17 tissue.
 18 Q. And did the device work when the return electrode did
 19 touch the tissue?
 20 A. Actually, it performed equally as well and didn't
 21 cause any noticeable effect at the site of the return
 22 electrode.
 23 Q. All right. Now, when you talked about bipolar
 24 devices, you talked about, you know, forceps I think was
 25 the example that you gave and you talked about there being

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1 tissue effect at both electrodes.
 2 How is it different? Why didn't you get a
 3 tissue effect at the return electrode?
 4 A. Well, this -- this is a bipolar device, but it
 5 functions a little bit like a monopolar device. It's kind
 6 of a blend between the two. In this case, one of the
 7 electrodes is still in the surgical field, but one of the
 8 electrodes is pulled back, if you will, away from the
 9 active electrode and it's made broader so that there's a
 10 lower current density, so that there's no effect or
 11 thermal effect at the site of the return electrode,
 12 creating all of the thermal effect, just at the active
 13 electrode.
 14 It really is the same, similar to some of
 15 the, for example, the Roos device, which had a broad --
 16 MR. DeMASI: Objection, your Honor. He's
 17 essentially opining as to the validity of the patents and
 18 comparing it to Roos and that's not within the scope of
 19 his report.
 20 MS. BOYD: I apologize, your Honor. We can
 21 end there.
 22 BY MS. BOYD:
 23 Q. So when you actually used these devices in a human
 24 shoulder, the return -- the return electrode touched
 25 tissue frequently, you said? Why is that?

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1 A. Well, the -- the shoulder or the joint space is a
 2 narrow compartment and although the joint space is filled
 3 with fluid, one purpose of the fluid in the joint space is
 4 to distend it to allow as much space as possible to work
 5 with instruments, but it's still a narrow space.
 6 And so if probe, the shaft of the probe will
 7 frequently contact tissue in which you're not working on.
 8 Q. Okay. So the shoulder that you did your tests on
 9 had -- was it saline or was it a different kind of fluid?
 10 A. Saline.
 11 Q. It had saline in it and that distended the joint,
 12 that pulled the joint out a little bit. And was this a
 13 joint that had been used for other tests?
 14 A. Yes, it had been.
 15 Q. Okay. So was it -- if it hadn't been used for other
 16 tests, would it likely have been a smaller space or a
 17 larger space? Or would it have been the same?
 18 A. It's hard to say. I think it seemed to me as though
 19 it was a joint space that was comparable to that in a --
 20 in a live patient.
 21 ...
 22 Q. Now, we've seen the probes that are at issue. And
 23 there are, what, about 3/8 of an inch across, a quarter of
 24 an inch to 3/8 of an inch across. How much space are you
 25 actually talking about inside the shoulder if you're doing --

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1 arthroscopic surgery?
 2 A. It depends where in the joint space. Some areas in
 3 which there may be a half-inch and there are areas
 4 including areas when we need to work with in which the
 5 space is relatively narrow.
 6 ...
 7 Q. Okay. Based on your review of the videos of the
 8 Saphyre, ElectroBlade and Control RF and based on your
 9 testing of those products in a human shoulder, do they
 10 satisfy the Judge's interpretation of what spacing a
 11 return electrode away and the return electrode not in
 12 contact require?
 13 A. Well, this says the return electrode is not to
 14 contact the body at all during the performance of the
 15 claimed method, so, no, I think it's --
 16 Q. In your opinion, then, can the Saphyre ElectroBlade
 17 or Control RF infringe the five nine -- excuse me -- yes,
 18 the '592 patent?
 19 A. No. Absolutely not.
 20 Q. Okay. I want to turn to the '536 patent. We can put
 21 that up.
 22 Did you review the '536 patent in your work on
 23 this case?
 24 A. Yes, I did.
 25 Q. And does that patent require a fluid supply?

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1 A. Yes.
 2 Q. That patent is for an electrosurgical system.
 3 Are you familiar with Judge Robinson's
 4 construction of what electrosurgical system means?
 5 A. Yes.
 6 Q. Okay.
 7 MS. BOYD: Can we have the claim construction
 8 up on the screen? And go back a page. Back another one.
 9 I'm sorry. I'm going the wrong direction. One more.
 10 Electrosurgical system.
 11 If you can highlight the heading 14 in the
 12 paragraph there...
 13 BY MS. BOYD:
 14 Q. So the Judge -- Judge Robinson, rather, has
 15 construed system to mean an assemblage or combination of
 16 things or parts forming an unitary whole.
 17 Now, in discussing your tests, you talked
 18 about the shoulder being filled with fluid.
 19 What kind of fluid is usually used in
 20 arthroscopic surgery?
 21 A. Usually saline or lactate Ringer's.
 22 Q. And are both of those solutions electrically
 23 conductive?
 24 A. Yes, they are.
 25 Q. In normal arthroscopic surgery, not electrosurgical,

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1 but the more traditional mechanical electrosurgical surgery,
 2 why do you use saline or Ringer's lactate?
 3 A. Because it's more physiologically compatible, more
 4 compatible with the patient, less likely to cause
 5 complications.
 6 Q. Okay. What kind of complications would, say,
 7 sterile water or distilled water perhaps have?
 8 A. Like -- may result in electrolyte imbalances in the
 9 patient. So we tend to use physiologically inert
 10 physiologic fluid such as saline Ringer's.
 11 Q. Are you aware of any arthroscopic surgery that is
 12 done without saline or lactate Ringer's?
 13 A. No.
 14 Q. When you use the electrosurgical devices here and you
 15 have to have saline or lactate Ringer's and both of those
 16 are electrically conducted fluids, why is it that there's
 17 not a fluid supply as the '536 patent requires?
 18 A. In which devices?
 19 Q. In the Saphyre and ElectroBlade and owe Control RF.
 20 A. In those devices, they utilize the -- the fluid
 21 that's -- that's in the -- that's present in the joint
 22 space.
 23 Q. Okay. Let's go back to regular non-electrosurgical
 24 arthroscopic surgery.
 25 What do you need to use to do arthroscopic

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1 surgery?
 2 A. You need the camera.
 3 Q. Okay.
 4 A. You need the video system to look within the joint.
 5 You need a system of -- that introduces fluid into the
 6 joint space. Perhaps an ability to evacuate or irrigate.
 7 And you need instruments to do the work.
 8 Q. Okay. So when you are doing electrosurgical
 9 arthroscopic surgery, how does the electrosurgical system
 10 come into that surgery?
 11 A. In -- it -- those are the devices that are used.
 12 Now, in the case of the -- of the Saphyre,
 13 for example, and these devices, they use the fluid that's
 14 existing in the joint space to perform, to function.
 15 Q. And that's fluid that would be there whether you're
 16 performing electrosurgical techniques or standard
 17 techniques?
 18 A. That's correct.
 19 Q. Do the Saphyre, Control RF or ElectroBlade provide
 20 their own fluid?
 21 A. No, they don't.
 22 Q. Are there any electrosurgical devices that do?
 23 A. Many -- many devices do. The ones that rely on
 24 saline enhancement. There are monopolar and bipolar
 25 devices that -- that have the saline within the system.

Page ...

1 Q. And why is it that some of these other devices that
 2 you use actually deliver their own fluid?
 3 A. Most cases because the fluid is not there, such as
 4 when using it in the -- in air, for example, where you
 5 would want to then -- the device you would want to provide
 6 the saline or there's some cases, some devices in which we
 7 use what's called hypertonic saline, which has more salt
 8 in it than the normal tissue to actually make the tissue
 9 perform, to conduct even better than -- than -- than
 10 saline.
 11 Q. And just to be clear, why is it that you don't need
 12 to use that kind of fluid supply in an arthroscopic
 13 electrosurgery?
 14 A. Because it's already there.
 15 Q. Based on your review and use of the Saphyre
 16 ElectroBlade and Control RF and using the definition of
 17 electrosurgical system that has been provided by Judge
 18 Robinson, in your opinion, can the use of the Saphyre,
 19 ElectroBlade or Control RF infringe or rather do the
 20 Saphyre, ElectroBlade or Control RF infringe the '536
 21 patent?
 22 A. No, because I think it's not part of the system.
 23 Q. Okay.
 24 MS. BOYD: No further questions.
 25 THE COURT: All right. Cross-examination.

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1 CROSS-EXAMINATION

2 BY MR. DeMASI:

3 Q. Hello, Dr. Choti. My name is the Tim DeMasi. We

4 have not met before. I'm one of the counsel representing

5 ArthroCare and I just have a couple questions.

6 I think there are about three topics I want

7 to cover with you. I will try to move through them fairly

8 quickly.

9 The first one was your testimony about the

10 Roos '198 patent, the Roos article and the Doss '007

11 patent.

12 During that testimony, you said that the Roos

13 '198 patent disclosed a bipolar device that was used with

14 saline; correct?

15 A. I think so, yes.

16 Q. And do you have a copy of the Roos '198 patent there?

17 A. Yes, I do.

18 Q. Okay. Can you please -- and you've reviewed this

19 document?

20 A. I did, yes.

21 Q. And can you please show us where the word saline

22 appears anywhere in that patent?

23 A. I think it did actually say conducting fluid, not

24 saline.

25 Q. Well, the word saline never appears?

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1 A. I can review the document again, but as -- it may

2 say -- I -- I would be happy to go through the whole thing

3 to see whether it says conducting fluid such as saline or

4 something, for example, such as that.

5 Q. Yes. It does not say saline; correct?

6 A. Correct.

7 Q. It does not say conducting fluid, does it?

8 A. I think it does.

9 Q. Can you please show us where it says conducting

10 fluid?

11 A. I don't have this copy highlighted, so it will -- it

12 would take me a while to go through it to find where but,

13 as I recall, I'm pretty sure it mentions that.

14 I can't find it for you.

15 Q. Okay. Turning to the Roos Elsasser article that

16 you testified about, you said, again, that this described

17 a device that was bipolar that was used with saline.

18 Can you show me in that article where the word

19 saline even appears?

20 A. Just as I'm glancing through it, again, I -- without

21 a highlighted copy, it's difficult to look at the whole

22 article, but I see here only that, for example, a

23 secondary connection via the irrigation fluid, current can

24 in addition pass from the cutting loop to those parts of

25 the resectoscope with irrigation fluid.

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1 So the term is irrigation fluid that current

2 is passing through in that particular article and it's

3 not specifically mentioning saline.

4 Q. It's not characterizing that irrigation fluid as

5 an electrically conductive fluid either?

6 A. Except that the current is flowing through the fluid.

7 Q. Well, you'll agree with me that there's a distinction

8 between electrically conducting fluids and not electrically

9 conducting fluids?

10 A. Yes.

11 Q. And electrically conducting fluids includes saline

12 or Ringer's lactate?

13 A. Yes.

14 Q. Non-electrically conducting fluid includes distilled

15 water, water, or glycine?

16 A. Well, it depends on how one defines electrically

17 conducting fluid. In most types of fluids, even saline,

18 one can get it to conduct a current, but -- so a current

19 could conduct through anything that has some electrolytes

20 in it, even -- even -- even water. But electrically

21 conducting fluid implies fluid in which -- in which

22 current is -- can more readily flow through, I would say.

23 Q. So every fluid or every liquid, if you apply a high

24 enough voltage, can conduct some amount of electricity?

25 A. Perhaps, yes.

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1 Q. And that does not mean that every fluid or every

2 liquid is an electrically conducting fluid?

3 A. Again, it depends on how one defines that term.

4 Q. Right. And that irrigation liquid that they refer

5 to, they don't refer to it specifically as an electrically

6 conducting fluid or a non-electrically conducting fluid?

7 A. I'd have to review it. I'm sorry. I don't remember

8 if they do or not. But because it's suggesting -- because

9 it states that the current flows through it, and they

10 don't specify that it's not conducting, I think it's -- I

11 think the current is flowing through it. So I interpret

12 that as conducting fluid.

13 Q. But, again, any fluid, if you put a high enough

14 voltage, will conduct some amount of electricity?

15 A. Correct.

16 Q. With respect to the '198 patent, on your direct

17 examination, you did not provide any opinion or in your

18 report, for that matter, that the Roos '198 patent

19 invalidated any of Arthrocare's patents?

20 A. Sorry. Can you restate that?

21 Q. Sure. You did not provide an opinion on your direct

22 or in your reports that the Roos '198 patent invalidated

23 any of Arthrocare's patents in suit?

24 A. That's correct.

25 Q. And you didn't provide an opinion either on your

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1 Q. And also included in this system is the ElectroBlade
 2 receptor. Do you see that right there (indicating)?
 3 A. Yes.
 4 Q. So according to this document, Smith & Nephew thinks
 5 that the generator, the ElectroBlade receptor and the
 6 fluid supply system are all part of one system?
 7 A. Not necessarily. I mean, I think that, yes, in his
 8 diagram, the recommended system configuration does include
 9 the IntelliJet arthroscopic fluid management system, so
 10 that just like if you were to have a diagram that would
 11 include, you know, an electrical energy source, such as
 12 plugging something into the wall, that does not mean
 13 that necessarily that's part of the system.
 14 Q. But according to Smith & Nephew's own document,
 15 they, the various components of this system (indicating),
 16 include the generator, the probe and the fluid supply?
 17 A. I agree that in this drawing, it's included there.
 18 Yes.
 19 Q. The last topic I want to go to is you provide an
 20 opinion with respect to the '592 patent on contact. Do
 21 you recall that?
 22 A. Yes.
 23 Q. You also stated during your direct that you did
 24 some testing of your own on a cadaver.
 25 A. Yes, I did.

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1 Q. And that was at Smith & Nephew's facilities?
 2 A. Yes.
 3 Q. And you were there with one of the technicians from
 4 Smith & Nephew?
 5 A. Yes.
 6 Q. And also with a couple lawyers from Smith & Nephew's
 7 counsel?
 8 A. Yes.
 9 Q. Including Mr. Hebert and one of his associates?
 10 A. Yes.
 11 Q. You -- the technician, while you were doing your
 12 testing, actually took a videotape of your testing?
 13 A. Yes.
 14 Q. And you reviewed that videotape after it was made?
 15 A. Yes, I did.
 16 Q. And, in fact, you based your -- your report of
 17 noninfringement, at least in some part, on that videotape?
 18 A. I based it on the testing, not on the videotape.
 19 Q. Right. And the same with your testimony here today.
 20 You based --
 21 A. Yes.
 22 Q. -- your testimony on the -- that testing?
 23 A. Testing, right.
 24 Q. And when you did that testing, you tried, as best you
 25 could, to simulate how these devices -- how they were used

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1 in actual arthroscopic procedure?
 2 A. Part of the testing included that. Other parts of
 3 the testing purposefully did not simulate. So some
 4 components of the testing did, indeed, simulate what I
 5 thought was normal action and other components of it I
 6 did not.
 7 Q. And you tested the Saphyre device?
 8 A. Yes, I did.
 9 Q. And you tested the ElectroBlade device?
 10 A. Yes.
 11 Q. And you tested the Control RF device?
 12 A. Yes.
 13 Q. And when you tested the Saphyre device inside the
 14 joint space, while you were applying energy, there were
 15 points in time when the return electrode was not in
 16 contact with tissue?
 17 A. That's correct.
 18 Q. When you used the ElectroBlade and you applied
 19 energy, there were points in time when the return
 20 electrode of the ElectroBlade was not in contact with
 21 tissue?
 22 A. During some points in time, yes.
 23 Q. And when you used the Control RF product, and you
 24 energized it, there are points in time where the return
 25 electrode was not in contact with tissue?

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1 A. That's correct.
 2 Q. And you said in your direct testimony, frequently.
 3 Frequently, there was contact?
 4 A. Sometimes there's contact. Sometimes there was not.
 5 Q. Right.
 6 A. But frequently, there was.
 7 Q. Frequently does not mean always?
 8 A. That's right.
 9 Q. So there were points in time where energy was
 10 applied with all these devices and there was no contact
 11 between the return and the tissue?
 12 A. Yes.
 13 Q. Okay.
 14 MR. DEMASI: Chris, can you please put up the
 15 Judge's claim construction of not in contact?
 16 There it is. No. 4.
 17 Would you please call that out?
 18 BY MR. DEMASI:
 19 Q. And this is the claim construction that you talked
 20 with Ms. Boyd about during your direct examination?
 21 A. Yes.
 22 Q. It says, the claim limitation the return electrode
 23 is not in contact with the body structure is clear. The
 24 return electrode is not to contact the body at all during
 25 the performance of the claimed method.

- VOLUME E -

IN THE UNITED STATES DISTRICT COURT
IN AND FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION, : CIVIL ACTION
Plaintiff :
vs. :
SMITH & NEPHEW, INC., :
Defendant : NO. 01-504 (SLR)

Wilmington, Delaware
Tuesday, May 6, 2003
9:30 o'clock, a.m.

BEFORE: HONORABLE SUE L. ROBINSON, Chief Judge, and a jury

APPEARANCES:

MORRIS, NICHOLS, ARSHY & TUNWELL
BY: JACK B. BLANCHFIELD, ESQ. and
ROGER JACOB LOUDEN, ESQ.

-and-

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PROCEEDINGS

(Proceedings commenced in the courtroom, beginning at 9:30 a.m., and the following occurred without the presence of the jury.)

THE COURT: Are there any issues before we bring our jury in.

MR. MACFERRIN: Opposing counsel has some objections to some of the exhibits we intend to use with the witness and also to some deposition testimony we intend to read to the jury.

MS. LOUDEN: I believe as to the evidence that Smith & Nephew said it will introduce this morning, there are two outstanding issues.

One is the use of certain demonstrative exhibits, which we have objected to.

There is a couple of slides, but they fall in the same category.

The first relates to Claim 1 of '882, which your Honor will recall is subject to the certificate of correction. Smith & Nephew's experts have offered no opinion about whether the claim is invalid or not. Yet they purport to have some slides which show the claim as

1 APPEARANCES (Continued):

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BY: MARK I. HERBERT, ESQ.,
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FISH & RICHARDSON
BY: KURTIS D. MACFERRIN, ESQ. and
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Counsel for Defendant

if it is not the corrected claim with its crossouts and changes.

So we object to it both in terms of it being outside of the expert report as well as being argumentative and portraying the claim of something other than what it is right now.

The second kind of objection which applies to two or three of Smith & Nephew's exhibits, which I understand they intend to use with fact witnesses -- perhaps they could clarify but, in any event, they have a number of slides -- we have no objection to the picture. For example, this is a picture here of the Smith & Nephew system. But they have argumentative headings, like the fluid supply is not part of the ElectroBlade system.

Lawyer argument, of course, is not evidence. We don't think they should be able to put up a demonstrative that makes their arguments while they are examining witnesses.

We can just deal with the demonstratives or I can move to the deposition designations as well.

THE COURT: No. Let's get done with the demonstratives first.

The ones on the asserted claims of the '882 patent, I am not so troubled by the exhibit itself as the fact that it's outside the scope of the expert's report.

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1 MS. LOUDEN: Your Honor, there was the
2 remaining issue from yesterday about Mr. Ross' deposition
3 transcript.
4 Then to the extent -- I don't know if Smith &
5 Nephew was planning on playing Mr. Woloszko's deposition
6 this morning. There is an issue outstanding about that.
7 MR. MACFERRAN: We can do it later, your Honor.
8 THE COURT: All right.
9 THE COURT: Is there something else? We still
10 have to deal with Mr. Ross.
11 MS. LOUDEN: I believe your Honor said you
12 needed to look further at the Ross transcript.
13 THE COURT: Well, I didn't look further.
14 MS. LOUDEN: We can hold off on that then.
15 THE COURT: Okay. Do I have what I need? I do.
16 It's up here someplace. I will look further.
17 MR. HEBERT: I want to alert the Court, I think
18 we can defer until the next break. There is an issue with
19 respect to getting Mr. Raffle out of here. Maybe at the
20 next break.
21 THE COURT: All right. Thank you.
22 (At this point the jury entered the courtroom
23 and took their seats in the box.)
24 THE COURT: Good morning, ladies and gentlemen.
25 All right. Let's proceed. I am not sure who I should be

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1 looking at to proceed.
2 MR. HEBERT: I was advised that ArthroCare was
3 going to do some depositions.
4 THE COURT: Is that the case?
5 MS. LOUDEN: I think we will wait until after
6 your Honor has addressed my issue.
7 THE COURT: All right.
8 MR. HEBERT: In that case...
9 THE COURT: Mr. Hebert, you are on.
10 MR. HEBERT: Smith & Nephew calls Ron Sparks.
11 ...
12 DEFENDANT'S TESTIMONY
13 CONTINUED
14 ... RON SPARKS, having been duly
15 sworn as a witness, was examined and
16 testified as follows ...
17 MR. HEBERT: Good morning, ladies and gentlemen
18 of the jury. Once again, my name is Mark Hebert.
19 Thus far in the case, you have mostly heard
20 ArthroCare's case. Today, you are going -- we are going
21 to be getting into the meat of Smith & Nephew's case. We
22 hope to present to you five live witnesses today. The
23 first of our witnesses is Mr. Ron Sparks. Mr. Sparks is
24 the President of Smith & Nephew Endoscopy. He is going

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1 to introduce the company to you. He is going to introduce
2 the accused products to you. He is also going to tell you
3 a little bit about the types of surgery in which the
4 accused products are used.
5 He is going to do a demonstration. There will
6 be no blood. There will be no fluid or leakage. But he
7 is going to do a little demonstration on a rubber knee
8 model that we have set up, so you can get a better
9 understanding of the instruments.
10 DIRECT EXAMINATION
11 BY MR. HEBERT:
12 Q. Good morning, Mr. Sparks. Could you introduce to the
13 jury, please?
14 A. Yes, good morning.
15 Good morning, ladies and gentlemen of the jury.
16 I am Ron Sparks.
17 Good morning, your Honor.
18 THE COURT: Good morning.
19 BY MR. HEBERT:
20 Q. Mr. Sparks, are you married?
21 A. Yes, I am.
22 Q. How long have you been married?
23 A. I have been married for 20 years.
24 Q. Do you have any children?
25 A. I have two daughters.

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1 Q. Their ages?
2 A. 19 and 11.
3 Q. Where do you live?
4 A. I live in Wenham, Massachusetts.
5 Q. Is that near Boston?
6 A. Yes. It is about 25 miles north of Boston.
7 Q. Do you have any college degrees, Mr. Sparks?
8 A. Yes. I studied business at the University of
9 Massachusetts. I received a Bachelor's degree. I studied
10 advanced management at the NCAD (phonetic), The European
11 institute for Business. That was in Fontainebleu, France.
12 Q. Are you employed by Smith & Nephew?
13 A. Yes, I am.
14 Q. What is your title?
15 A. My title is President, Smith & Nephew Endoscopy.
16 Q. Do you know where Smith & Nephew, Incorporated is
17 incorporated?
18 A. I do. It is incorporated in the State of Delaware.
19 Q. About how long have you been the President of Smith &
20 Nephew Endoscopy?
21 A. Approximately five years.
22 Q. Can you generally explain to the jury what your
23 duties and responsibilities are as President of Smith &
24 Nephew Endoscopy?
25 A. Yes. My duties are, primarily, responsible to

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1 A. In the world of arthroscopy, endoscopy, in general we
2 use cameras to see inside the body. It's a way of
3 projecting what is going on inside the body during surgery
4 so the surgeon can see what is happening and use his hands
5 freely.
6 Q. What business takes place in the Mansfield,
7 Massachusetts facility?
8 A. Mansfield is predominantly soft tissue repair, so
9 that would be where we have screws and anchors and things
10 that reattach muscles, tendons and so forth to the bone.
11 That's produced in Mansfield.
12 Q. And finally, what business takes place in the Andover,
13 Massachusetts facility?
14 A. Andover is where our world headquarters for endoscopy
15 is. It's where our disposable products are as well as
16 optics -- the scope and so forth that are used in
17 arthroscopy and endoscopy.
18 Q. Which of these five plants does Smith & Nephew
19 actually manufacture products?
20 A. All five of them. We produce in all five.
21 Q. Approximately, how many employees does Smith & Nephew
22 Endoscopy have?
23 A. Approximately, 1500.
24 Q. In connection with your duties as President of Smith &
25 Nephew Endoscopy, have you had occasion to become familiar

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1 with Smith & Nephew's patents?
2 A. Yes, I have.
3 Q. Are patents important to Smith & Nephew Endoscopy?
4 A. Very important. It's a measure of our research and
5 development output.
6 Q. Have you heard a program called Inventurers?
7 A. Yes, the Inventurers is a program that we use to
8 encourage surgeons to bring their ideas to us and we've
9 set up a process that gets those ideas to the market, to
10 the patients faster than we believe anybody in the world.
11 It's designed specifically for that.
12 Q. Approximately, how many United States patents does
13 Smith & Nephew Endoscopy have?
14 A. We have approximately 350 active patents. With the
15 acquisition of Oratec, that number is up over 400 now.
16 And probably 50 or 60 patents pending right now.
17 Q. Those are not yet patents, but they're patent
18 applications that are pending?
19 A. Correct. There is a significant number of patent
20 applications annually.
21 Q. I'd now like to turn to a description of Smith &
22 Nephew's business in the areas in which Smith & Nephew
23 does business.
24 So, first of all, Mr. Sparks, what medical
25 area does Smith & Nephew Endoscopy do business in?

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1 A. We do business in the surgical terms. In
2 arthroscopy, we do business in general surgery, vascular
3 surgery, spine. And those are really our major, four
4 major areas currently.
5 Q. The term minimally invasive has been used in the
6 trial. Is arthroscopy surgery a type of minimally-
7 invasive surgery?
8 A. Yes, arthroscopy is a part of endoscopy. That is
9 one of the specialties within that group which is minimally
10 invasive using the scope, small incisions or puncture
11 wounds to get in the body to do surgery, and it's all
12 defined as minimally invasive.
13 Q. How does minimally invasive compare with something
14 that isn't minimally invasive?
15 A. Well, the philosophy is if you can reduce the trauma,
16 if you can reduce the size of the incisions that are made
17 to do open surgery. Open surgery we believe, and this is
18 arguable, but we believe is bad for patients because the
19 incision is large, the trauma is large and you expose
20 the patient to the ambient there of the OR. You reduce
21 core body temperature. So anything we can do to make
22 surgery smaller or more closed environment is good
23 ultimately for the patient.
24 Q. Is there a benefit in terms of recovery time as well?
25 A. Very definite. That's really where the whole

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1 endoscopic market really was borne out of is the ability
2 to get people back to -- without making this sound too
3 melodramatic, but to get back to their daily lives as
4 quickly as they can. That's the whole focus of the
5 minimally-invasive approach to surgery.
6 Q. Now, arthroscopic surgery I believe it's been
7 testified to is on the inside of a joint. Is that
8 consistent with your understanding?
9 A. The term arthroscopy is very simple. The arthro part
10 of it refers to the articulating joints and the scopy part
11 of it refers to using a scope. So it's again part of
12 endoscopy. So anywhere there is an articulating joint that
13 we do surgery, we tend to use the term arthroscopy.
14 Q. How do you get inside? How do you get to the inside
15 of a joint?
16 A. You have to -- the first and foremost part of an
17 endoscopic procedure in endoscopy is the first well
18 penetrated endoscopic approach, but the first thing you
19 have to do is to open up the body somehow so you use
20 access products like cannulization, trocars and
21 obturators (phonetic) and the next thing you will do is
22 introduce -- in the case of arthroscopy, you will
23 introduce a fluid to hold the tissue in place so you can
24 see. In the case of laparoscopic surgery, which is also
25 endoscopy, you will use a gas to do the same thing to

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1 create a space to work in.
 2 Q. How does the surgeon see what is going on, on the
 3 inside of the joint?
 4 A. As you will see in a moment, we use a scope, fiber
 5 optic cabling which shines a light into the space
 6 regardless whether you are in the knee or abdomen or where
 7 an we use a camera system today which views inside that
 8 space through the scope.
 9 Q. Did you bring some equipment with you that we can
 10 demonstrate in a few minutes?
 11 A. I have scopes and cameras. I have the entire system
 12 here, yes.
 13 Q. What type of fluid is used in arthroscopic surgery?
 14 A. Well, the original arthroscopies were done more
 15 of a diagnostic procedure which you will see a little
 16 later, I believe, and the original procedures were done on
 17 a diagnostic basis. To do that, we needed to use a fluid
 18 to create a space. And the best fluid to use has always
 19 been, it remains to be isotonic saline.
 20 Q. How long has isotonic saline been used in
 21 arthroscopic surgery?
 22 A. It's been used since the first days of arthroscopic
 23 approach, which date back to certainly the middle seventies
 24 to early seventies, perhaps even earlier than that.
 25 Q. At the time that saline began to be used in

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1 arthroscopic surgery going back to the 1970's, was it a
 2 conductive fluid?
 3 A. Yes, it's always been a conductive fluid.
 4 Q. You mentioned that the fluid, that the saline creates
 5 a space inside the joint. Does the saline actually inflate
 6 the joint?
 7 A. No, it does not. We don't want it to inflate the
 8 joint.
 9 Q. Does it expand the joint?
 10 A. No.
 11 Q. Do the bones move in any way when the saline is put
 12 into the joint?
 13 A. No, it would take a tremendous amount of pressure to
 14 move the bones around. That is not something we would
 15 like to have happen, no.
 16 Q. How does the saline create a space then?
 17 A. Well, basically what we want is the saline to create
 18 a space by holding tissue out of the way in place so that
 19 it's not moving around. So there's been a lot discussion
 20 so far in these last few days about saline. If saline is
 21 moving, flushing, being drawn out and there is a lot of
 22 motion. And pumping, as some have suggested, you will
 23 have a lot of movement in the knee and you won't be able
 24 to see, so what we want it to do is pretty much be still,
 25 no bubbles, no movement and hold the tissue in place.

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1 Q. So in an arthroscopic surgery, does the fluid move
 2 around in the joint?
 3 A. No. In fact, I've seen some products in the past
 4 where there has been a pump used and it really is almost
 5 impossible to see. So we don't want the fluid moving
 6 around.
 7 Q. Do you want the fluid to be motionless?
 8 A. In fact, we have products on the market that are
 9 designed to do exactly that. It's what we call a solid
 10 column of water effect, so there is just the solid mount
 11 or volume of water in the knee.
 12 Q. Okay. We're going to come back to the specifics of
 13 the surgery. But my next question is does Smith & Nephew
 14 endoscopy have a mission statement?
 15 A. Yes, we do.
 16 Q. Were you involved in developing that mission
 17 statement?
 18 A. Yes, I was. I was very involved in developing it.
 19 Q. What is it?
 20 A. Our what we like to call strategic intent is to be
 21 the best in the world at bringing surgical technique to
 22 market that reduces trauma and pain to the patient,
 23 reduces costs to the health care system -- systems in this
 24 case -- and provides better outcomes for patients. And
 25 that's our focus.

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1 MR. HEBERT: May I approach, your Honor?
 2 THE COURT: Yes, you may.
 3 BY MR. HEBERT:
 4 Q. Mr. Sparks, I'm handing you what has been marked as
 5 Exhibit DTX-322 and I'd ask if you can identify that?
 6 A. Yes, I can. It's the Smith & Nephew Endoscopy
 7 Division 2003 product catalog.
 8 MR. HEBERT: I move its admission.
 9 MR. BLUMENFELD: No objection.
 10 THE COURT: Thank you.
 11 THE DEPUTY CLERK: So marked.
 12 *** (Defendant's Exhibit No. 322 was marked for
 13 identification.)
 14 BY MR. HEBERT:
 15 Q. Does the product catalog list the various products
 16 that Smith & Nephew Endoscopy offers in the United States?
 17 A. Yes. In fact, this is specific to the United States.
 18 Q. Are Smith & Nephew Endoscopy products organized in
 19 any particular manner?
 20 A. Yes, we organize them in the way that we do surgery.
 21 So in order to do an endoscopic surgical technique well,
 22 you first have to access the body cavity or joint, so we
 23 have an access product section. You then must visualize,
 24 you have to see what you are doing if you are a surgeon.
 25 And once the surgeon has a clear picture where he or she

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1 Q. What happened to the T.J. part of the name?
 2 A. We eventually dropped that because it became a
 3 little bit difficult to deal with. So it's simpler just
 4 to say Smith & Nephew.
 5 Q. Your timeline -- we are going to come back to your
 6 company now. We are going to leave the Smith & Nephew
 7 history. Your timeline has an event in 1991. Can you
 8 describe for us what happened in the field of
 9 electrosurgery in your company in 1991?
 10 A. That is the year we introduced our first
 11 electrosurgical probe with handle to be used during
 12 arthroscopy. It was introduced specifically for
 13 arthroscopy.
 14 Q. Were you here yesterday for Mr. Baker's testimony?
 15 A. Yes, I was.
 16 Q. Did you hear when Mr. Baker testified that ArthroCare
 17 was founded?
 18 A. Yes, I do. I do recall that, yes.
 19 Q. When was that?
 20 A. 1993.
 21 Q. So was Smith & Nephew in the field of electrosurgery
 22 before ArthroCare was even founded?
 23 A. Yes, it was.
 24 Q. The particular product that you are talking about
 25 as being introduced in 1991, was that a product for use

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1 in arthroscopic surgery?
 2 A. Yes. It was specific to arthroscopy. That is the
 3 only place it is used.
 4 Q. Was it used in the presence of any particular fluid?
 5 A. It was used in isotonic saline.
 6 Q. And at that time, was isotonic saline a conductive
 7 fluid?
 8 A. Yes, it was.
 9 Q. Have you heard the term Bovie (phonetic)?
 10 A. I am familiar with it, yes. It is a brand name for
 11 an electrosurgical product, RF product, if you will.
 12 Q. The electrosurgical product that you introduced in
 13 1991, was that a monopolar or bipolar product?
 14 A. It is and was a monopolar product.
 15 MR. HEBERT: May I approach, your Honor?
 16 THE COURT: Yes.
 17 BY MR. HEBERT:
 18 Q. I would like to hand you what has been marked as
 19 Defendant's Demonstrative Exhibit DDTX-50, and ask if you
 20 can describe that, Mr. Sparks?
 21 A. Yes. This is what we refer to as our electrosurgical
 22 probe with handle. We refer to it as with handle because
 23 there is the handle, there is the probe. Again, there is
 24 an arthroscopic device, which is used very often and
 25 always used in saline.

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1 Q. Is that product currently sold by your company?
 2 A. Yes, it is.
 3 MR. HEBERT: If we turn to catalog Page P-28.
 4 BY MR. HEBERT:
 5 Q. Is this a page of your catalog showing the various
 6 electrosurgical probes that you currently sell?
 7 A. That's correct.
 8 Q. Other than some of the accused ones, which we are
 9 going to get to?
 10 A. Correct.
 11 Q. If we go back to the timeline, the next event is
 12 1995. Can you tell us what happened on that date?
 13 A. Yes. In 1995 Smith & Nephew Dyonics as we renamed
 14 it merged with a company called Acufex Microsurgical, to
 15 form the organization we now have today, which is Smith &
 16 Nephew Endoscopy.
 17 Q. What business was Acufex Microsurgical involved in?
 18 A. Acufex Microsurgical was soft tissue repair. So it
 19 was one of the pioneering organizations for a product
 20 called Maxon (phonetic), which is a biodegradable material
 21 that is used to anchor soft tissue to bone.
 22 Q. Did Acufex Microsurgical have any electrosurgical
 23 products at the time you acquired them?
 24 A. Yes, they did.
 25 Q. What type of electrosurgical products did it have?

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1 A. Acufex, we still have a very strong laparoscopic
 2 electrosurgical product line that we currently sell today.
 3 MR. HEBERT: Could we go to Page R-9 in the
 4 catalog.
 5 BY MR. HEBERT:
 6 Q. Is this a page from your catalog that shows some of
 7 the electrosurgical laparoscopic instruments that your
 8 company sells?
 9 A. Yes, it is.
 10 Q. Is this the product line that you were referring to
 11 that you got from Acufex?
 12 A. It's an improved advanced version of it, yes.
 13 MR. HEBERT: Back to the timeline.
 14 BY MR. HEBERT:
 15 Q. The next event in your timeline is in 2000. Can you
 16 just briefly tell us what that is?
 17 A. Yes. Again, I think what we referred to earlier in
 18 our Adventures Program is we created laboratories created
 19 that are specific to getting product to the drawing board.
 20 In fact, we bring prototypes from the drawing board to the
 21 bioskills laboratory to test them within a matter of hours.
 22 That quick turnaround provides us the ability to get ideas
 23 in fast, get them out. And if they work, we can get them
 24 to market. If not, they can go in the dust bin.
 25 Q. Do you work with surgeons in that laboratory?

1 A. Yes, we do.
 2 Q. The next event is in 2001. Can you tell us what that
 3 is?
 4 A. In 2001 we acquired a company called Orthopedic
 5 Biosystems Limited that was very specific to soft tissue
 6 repair in the shoulder. We needed to strengthen our
 7 line there. So we acquired that.
 8 Q. I would like to spend a few moments on the very last
 9 moment on your timeline. It says in 2002 Smith & Nephew
 10 Endoscopy acquire Oratec. At the time you acquired
 11 Oratec, what sort of product line did it have?
 12 A. Oratec is a, one of the pioneers in radio frequency
 13 electrosurgery for arthroscopy and spine.
 14 Q. Did you say arthroscopy in spine?
 15 A. And.
 16 Q. Two different areas?
 17 A. Yes. I don't know if I have a Boston accent.
 18 Anyway, that's what it is.
 19 Q. Did Smith & Nephew acquire any patents when it
 20 acquired Oratec?
 21 A. Quite a few, yes.
 22 Q. Did Oratec have any ablation products for use in
 23 arthroscopic surgery?
 24 A. Yes, it did.
 25 Q. Were those products used in any particular fluid?

1 A. All of those products are used, the ablation
 2 products in the line are used in isotonic saline.
 3 Q. Does Smith & Nephew still sell those products?
 4 A. Yes, we do.
 5 Q. P-5, is this an example of the monopolar ablation
 6 products that we are talking about that you got with the
 7 acquisition of Oratec?
 8 A. Yes, it is.
 9 Q. You have heard -- you understand that one of the
 10 accused products in this case is the Saphyre product?
 11 A. I do understand that, yes.
 12 Q. Who developed the Saphyre product?
 13 A. Oratec did.
 14 Q. Did Oratec develop the Saphyre product before or
 15 after Smith & Nephew acquired it?
 16 A. It was developed, or in development before we
 17 acquired it.
 18 Q. Did you acquire Oratec in order to get the Saphyre
 19 product?
 20 A. No, we did not.
 21 Q. At the time of the acquisition, did you know about
 22 the Saphyre product?
 23 A. No, I did not.
 24 Q. At this point I would like to discuss and go briefly
 25 through each of the accused products.

1 MR. HEBERT: If I could have the witness come
 2 down from the stand, your Honor...
 3 THE COURT: Yes.
 4 (At this point the witness then stepped down
 5 from the witness stand.)
 6 BY MR. HEBERT:
 7 Q. Mr. Sparks, I am handing you what has been marked
 8 as DTX-574. I ask you if you can identify that?
 9 A. Yes, I can. This is the Dyonics Control RF product.
 10 MR. HEBERT: I move that in evidence.
 11 MR. BLUMENFELD: No objection.
 12 *** (Defendant's Exhibit No. 574 was received into
 13 evidence.)
 14 BY MR. HEBERT:
 15 Q. Is the Control RF product still sold by your company?
 16 A. No, it's not.
 17 Q. Approximately what were the total sales of the Control
 18 RF product before it was discontinued?
 19 A. Approximately \$35,000.
 20 Q. Why was the controller Control RF product
 21 discontinued?
 22 A. Because the Saphyre product is better.
 23 Q. Did the Saphyre product have any impact on the
 24 decision to discontinue the Control RF?
 25 A. Yes, it did. It's a better product, it is easier to

1 make, its performance is better, and that caused us to
 2 just eliminate this from the line.
 3 Q. Can you identify for the jury the various parts of
 4 the Control RF product?
 5 A. Sure. This is the handle, and here you have a
 6 rotating tip, so you can see that that has a click sound
 7 to it -- maybe you can't hear that -- so that you can use
 8 it in different angles.
 9 Obviously, this long tube here at the end,
 10 this is the business end, there is an electrode on the end
 11 there that is used to resect.
 12 You can see at the end of this long cable,
 13 maybe I will show it to you that way --
 14 Q. You can take it out if you want.
 15 A. This is like trying to get into a little bag of
 16 crackers you always get on the airplane.
 17 There you go.
 18 That's a connector. That we would plug into a
 19 standard generator using a face plate adapter.
 20 Q. There is a clear plastic tube. Is that used to
 21 supply saline when the Control RF is used?
 22 A. No.
 23 Q. What is that clear plastic tube used for?
 24 A. This would be applied to wall suction.
 25 Q. Does the Control RF include a fluid supply?

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1 regarding, among other things, the '832 patent.
2 THE COURT: And it would be helpful if I saw
3 the document.
4 (Documents passed forward.)
5 THE COURT: I think I might need to see you
6 folks at sidebar, so if the lawyers would come up, I would
7 appreciate it.
8 ...
9 (Sidebar conference, out of the hearing of the
10 jury, as follows.)
11 MS. BOYD: The Superior Fireplace test says
12 that the standard is what a person of ordinary skill in
13 the art would read the claim as, what they know, if there
14 was a correction that needed to be made and would they
15 know how to make that correction. That's the fact
16 testimony we want to bring out with Mr. Heim who is the
17 only person of ordinary skill in the art who did this kind
18 of analysis at a time prior to the allegation.
19 MR. BLUMENFELD: Your Honor, we addressed this
20 issue in one of our expert reports, in Dr. Goldberg's
21 expert report. They have three technical experts, Dr.
22 Taylor, Dr. Choti, Dr. Manwaring, and none of them ever
23 said a word about what the claim meant, what's the
24 certificate of correction issue. They tried yesterday to
25 do this with a different witness that they hadn't

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1 disclosed yet and now, not having put in any expert report
2 so that the jury could hear from an expert on what does
3 this claim mean, they're trying to have a fact witness
4 who has never been identified as an expert testify on
5 what it means to one skilled in the art.
6 What makes it even worse, when we took Mr.
7 Heim's deposition, which was only a couple weeks ago, and
8 we asked what are you going to testify to at trial, Ms.
9 Boyd directed him not to answer. And so to now spring
10 this on us at trial from a person who has not been an
11 expert witness, it seems highly unfair to us.
12 THE COURT: Well, the bottom line is, always
13 the bottom line is if the opposing party did not have a
14 fair opportunity during discovery to test a witness's
15 testimony, then it doesn't come in at trial. So if, in
16 fact, there was the deposition and there was an attempt
17 to find out what he was going to testify about so it could
18 be tested and so we could address this pretrial, then he
19 cannot testify today.
20 MS. BOYD: This document that includes his
21 analysis of what mistakes may have been made in the claim
22 was produced early in discovery. He was questioned
23 extensively on this document in his deposition.
24 MR. HEBERT: If I may, your Honor. Within
25 the document, within the four corners of the document,

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1 Mr. Heim recognizes one error in that claim but not the
2 second error, and we believe that is the right standard
3 to apply under Superior Fireplace.
4 THE COURT: I'm not saying whether his
5 testimony is right or wrong. I'm just trying to figure
6 out whether you all were on the same page coming into
7 this trial, so there is no unfairness.
8 Now, we're going to take your time letting the
9 jury go out and I'm going to look over his deposition,
10 which I assume someone has to decide whether he should be
11 allowed to testify today about whatever was going on in
12 this deposition. If what he is doing today is consistent
13 with what he did in this deposition or at least there is
14 an opportunity to test it, and there was no motion in
15 limine to prevent him from testifying today, then it's
16 going to go forward. If there was an obstacle to the
17 plaintiff having a fair opportunity to test this
18 testimony during the pretrial process, then he will not
19 testify consistently.
20 (End of sidebar conference.)
21 ...
22 THE COURT: Ladies and gentlemen, I apologize.
23 I have to do a little more homework on this issue and,
24 rather than have you sit here, you would be more
25 comfortable, I'm sure, stretching and maybe having a snack.

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1 So we're going to recess hopefully not until we recess for
2 the evening, hopefully just a few minutes, to let me make
3 sure I understand what is going on here. All right?
4 (At this point the jury then left the
5 courtroom, and the following occurred without the presence
6 of the jury.)
7 THE COURT: Sir, you may step down and take a
8 breather as well.
9 THE WITNESS: All right. Thank you.
10 MR. BLUMENFELD: Your Honor?
11 THE COURT: Yes.
12 MR. BLUMENFELD: I'm sorry. I didn't hear your
13 last comment. But to pick up where we left off at sidebar,
14 Mr. Heim was someone who was listed as a trial witness
15 pursuant to your Honor's provision about listing people
16 toward the end of discovery and we only took his deposition
17 on April 22nd. And at the deposition, we did go through
18 with him the story of his consultancy with Smith & Nephew.
19 We knew that that was going to be something he was going
20 to testify about.
21 In the middle of his deposition -- and this
22 was at Page 100 because we didn't know why else they might
23 be calling him, Mr. Clark who was taking the deposition
24 said:
25 "Question: Are you expecting to testify in the

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1 trial of this case?
 2 "Answer: I've been told that it's likely I'll
 3 be testifying in the trial of this case.
 4 "Question: And what do you expect to testify
 5 about?
 6 "Ms. Boyd: Objection. To the extent it calls
 7 for the attorney/client privilege information, I instruct
 8 the witness not to answer.
 9 "The Deponent: So what do I do?
 10 "Ms. Boyd: You don't answer."
 11 And she would not let him disclose what it was
 12 that they apparently planned to have him come to trial and
 13 testify to. And if they're going to have him now try to
 14 come in and testify about things after she instructed him
 15 not to disclose the subject matter, then he just shouldn't
 16 be able to do it.
 17 THE COURT: But he may testify consistently
 18 with what he was deposed about.
 19 MS. BOYD: And he was deposed on this document.
 20 The fact that Mr. Clark didn't ask him questions about
 21 this particular part of this document wasn't our
 22 responsibility. We instructed him not to disclose
 23 anything we talked about, his likely trial testimony.
 24 ---
 25

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 2 MS. BOYD: And frankly, I don't think I had
 3 talked to him about his lengthy trial testimony at that
 4 point, although I don't remember specifically. But my
 5 instruction was only not to disclose attorney/client
 6 privileged information. And we did have --
 7 THE COURT: Maybe I haven't been out in the
 8 real world in too long. The whole point of pretrial
 9 discovery and of identifying witnesses is so we don't hold
 10 up the jury. The only saving grace is that this is all
 11 your time that you are spending on this kind of garbage,
 12 so I am not going to be here any longer, even though you
 13 are not presenting evidence to the jury.
 14 Now, I suppose that this person apparently
 15 was not identified during the course of discovery until
 16 the end. He wasn't deposed until the end. The reason he
 17 was identified as one who might testify is because he
 18 might testify.
 19 It seems to me that it is an appropriate
 20 question for lawyers to ask, why are you identified as a
 21 trial witness? What is it that you are going to testify
 22 about?
 23 Now, I frankly think your instruction not to
 24 answer was incorrect. Therefore, his testimony is limited
 25 to what he was deposed about. And the fact that -- to me,

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1 it's gamesmanship. The fact that, well, he didn't ask the
 2 right question so, that's okay, we are free and clear,
 3 when a question was asked, why are you important? What
 4 are you doing here? That's an appropriate question. We
 5 are not supposed to be throwing surprises. We are all
 6 supposed to know we are on the same page. We know what
 7 each witness is going to testify about. Quite frankly,
 8 that's not the way we do cases here.
 9 So we are all going to take five minutes, you
 10 are going to reorganize, and we will bring the jury back
 11 in.
 12 (Short recess taken.)
 13 ---
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 2 (Court resumed after the recess, and the
 3 following occurred without the presence of the jury.)
 4
 5 THE COURT: Let's bring in the jury.
 6 Since we have some dead time here, I am not
 7 exactly sure why this is such a huge controversy with
 8 respect to Mr. Raffle. Apparently he has relevant
 9 testimony about a number of issues. I did say the last
 10 time we discussed this that some of the prospective
 11 business isn't relevant. But I believe he has some
 12 relevant testimony besides the inequitable conduct
 13 testimony.
 14 So you need to work out a schedule.
 15 (At this point the jury entered the courtroom
 16 and took their seats in the box.)
 17 THE COURT: Thank you, ladies and gentlemen.
 18 I just want to explain that even when you are not here,
 19 the clock is ticking. So we are not wasting your time.
 20 Let's proceed.
 21 BY MS. BOYD:
 22 Q. Mr. Heim, did you have your deposition taken in this
 23 case?
 24 A. Yes.
 25 Q. And do you understand what a deposition is?

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1 A. Yes.
 2 Q. Can you explain to the jury what a deposition is?
 3 A. A deposition is a process in which a prospective
 4 witness is asked questions under oath, and the questions
 5 and answers are documented prior to the trial.
 6 Q. Did Mr. Perry Clark, an attorney for ArthroCare,
 7 take your deposition?
 8 A. Yes, he did.
 9 Q. Did he ask you questions relating to PX-735, your
 10 May 1998 feasibility study?
 11 A. Yes, he did.
 12 Q. Did he ask you any questions about Pages 24 and 25
 13 of your May 1998 feasibility study?
 14 A. No.
 15 Q. I would like to turn to some of the other portions
 16 of your feasibility study that he did ask you questions
 17 about. Before we get to the study itself, can you
 18 describe in general terms what your project was in the
 19 development of the Control RF product for Smith & Nephew?
 20 A. Smith & Nephew asked Team Medical to provide
 21 technical guidance on the design of various aspects of
 22 the product. Smith & Nephew was in charge of the overall
 23 project. We helped them with the design of the tip of
 24 the device and other electrosurgical aspects of it, as
 25 well as some other parts of the design regarding

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1 manufacturability and that sort of thing.
 2 Q. Was one of the things that you helped design, was
 3 it related to the spacing between the active electrode
 4 and the return electrode on the Control RF?
 5 A. Yes, it was.
 6 Q. And how did you determine that that spacing was
 7 going to be?
 8 A. The best way to start with that is to explain why
 9 the spacing is important. If the spacing between the
 10 active electrode and the return electrode is too close,
 11 what one gets is arcs, sparks of electricity arcing
 12 between the active electrode and the return electrode
 13 through the saline or conductive liquid. Those are the
 14 same things that are there. And obviously, if the
 15 electricity is jumping through that short-circuit, it is
 16 not going into the tissue and, as a consequence, the
 17 desired predetermined surgical effect doesn't work.
 18 So the way that we ended up making that
 19 determination was doing some basic analysis, and then
 20 through a series of tests that we conducted at our
 21 facilities in Boulder.
 22 Q. And could the return electrode and the active
 23 electrode in the Control RF be any closer together and
 24 still avoid the short-circuiting problem that you described?
 25 A. The numbers and the technical guidance we provided to

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1 Smith & Nephew, we believe, gave them the minimum reliable
 2 spacing that one could have without having the product fail
 3 to work.
 4 Q. Have you ever tested the Control RF or prototypes of
 5 the Control RF in simulated electrosurgery, in an -- you
 6 are not a surgeon; right?
 7 A. I am not a surgeon, certainly.
 8 Q. So you never performed arthroscopic surgery on a
 9 live human patient?
 10 A. No.
 11 Q. Have you ever done simulation surgeries to test the
 12 Control RF or its prototypes?
 13 A. We received a Control RF, I will call it an
 14 engineering prototype, and tested it in one of our labs.
 15 Q. Now, based on your work in developing the Control RF
 16 and your testing of the Control RF, will the Control RF
 17 work to affect tissue when the active electrode is touching
 18 tissue but the return electrode is not touching tissue?
 19 A. So we have it submerged in our conductive saline
 20 solution, and the active electrode is in there, the return
 21 electrode is in there, and the return electrode is not
 22 touching tissue, but the active electrode is touching
 23 tissue, would we get the appropriate predetermined surgical
 24 effect?
 25 Q. That's right.

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1 A. The answer is yes, one would.
 2 Q. And if both the active and the return electrode
 3 were touching tissue, would you still get that effect?
 4 A. As I understand the geometry, we have the active
 5 electrode touching tissue, the return electrode is
 6 submerged in saline, but it's not completely submerged in
 7 saline because part of the return electrode is also
 8 touching tissue with the rest of the return electrode
 9 touching saline.
 10 Q. Yes.
 11 A. It would certainly work appropriately and correctly
 12 under those circumstances.
 13 Q. How many different kinds of electrosurgical devices
 14 would you say that you have tested in non-clinical, non-
 15 human patient tests?
 16 A. Electrosurgical devices, engineering prototypes?
 17 Q. Yes.
 18 A. You know, I don't know the number. It is certainly
 19 many hundreds. I am not sure it's thousands.
 20 Q. And when you have done those tests, have you seen
 21 sparking?
 22 A. Oh, certainly. Sparking always occurs with
 23 electrosurgery.
 24 Sparking always occurs with electrosurgery
 25 except under the rarest of circumstances.

1 Q. In part of your work in developing the Control RF
2 product, did you analyze products that were currently on
3 the market?
4 A. Yes.
5 Q. What products were those?
6 A. We examined three commercial devices. One of them
7 was a product that was sold by a company named Oratec.
8 Another product was sold by a company named ArthroCare.
9 And a third product was by a company named Mitek.
10 Q. In your experience as an engineer and consultant in
11 the medical devices field, is the analysis of products
12 already on the market typical in the development of a new
13 product?
14 A. It's extremely routine. It's extremely routine.
15 Q. I am going to ask you this question straight out,
16 I will apologize in advance: Did you copy the ArthroCare
17 product when you were designing the Control RF product?
18 A. Absolutely not.
19 Q. Why didn't you?
20 A. Well, quite frankly, it's not a particularly good
21 design.
22 Q. Why do you say that?
23 A. It's overly complex. And that complexity is
24 reflected in the number of parts, the configuration of
25 the parts, and it would also manifest itself in concerns

1 about the reliability of the product and the cost of
2 manufacturing.
3 Q. Leaving aside those reliability and cost issues, is
4 it a good electrosurgical device? Does it work well when
5 it works?
6 A. Well, based upon the tests we did, it certainly does
7 perform its intended function.
8 Q. So again, what were your concerns or why did you
9 think it was about a bad design?
10 A. Well, the main issue with it is there are better
11 ways, in our opinion, and it was very clear from the very
12 beginning, there were better ways to design a product
13 that would ablate tissue than the instantiation that was
14 represented by the ArthroCare device.
15 Q. Can you explain what some of the important
16 engineering distinctions are between the Control RF and
17 the ArthroCare device?
18 A. The single biggest difference between those devices
19 is that the ArthroCare device has multiple active electrode
20 pins. In the tip of that device, there are many round
21 metal pins. Each one of those little round metal pins is
22 connected to its own wire. And each of those wires is
23 then threaded through the shaft, going to another
24 electrical connecting pin in the handle. And then each of
25 those little electrical connecting pins then needs to go

1 into a mating connector that's in the controller that that
2 supplies electricity to it.
3 Each of those little connection points is a
4 potential point of failure. The Control RF device, on the
5 other hand, has a single electrode at the tip, with a
6 single wire that goes through the shaft, that goes to a
7 single connector, that produces the contact for the active
8 electrodes.
9 They also both have a return electrode wire as
10 well.
11 Q. Thank you, Mr. Heim.
12 MS. BOYD: Would you like to cross-examine,
13 Jack?
14 MR. BLUMENFELD: Thank you.
15 THE COURT: Mr. Blumenfeld.
16 MR. BLUMENFELD: Thank you, Your Honor.
17 CROSS-EXAMINATION
18 BY MR. BLUMENFELD:
19 Q. Good afternoon, Mr. Heim. My name is Jack Blumenfeld
20 I am one of ArthroCare's attorneys.
21 A. Okay.
22 Q. Just following up on the last point you made
23 the design of the ArthroCare probe, are you aware that
24 ArthroCare has sold about 2 million of its probes?
25 MS. BOYD: Objection, Your Honor. This goes

1 to the commercial success, which is not an issue in this
2 case.
3 THE COURT: I think it goes to whether it
4 works, following up on your questions. The objection is
5 overruled.
6 MS. BOYD: Thank you, Your Honor.
7 THE WITNESS: I was not aware of the precise
8 number. I certainly knew that the device had been sold
9 and been sold successfully.
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2 BY MR. BLUMENFELD:
3 Q. And the Control RF that you worked on the design of,
4 isn't it a fact that Smith & Nephew sold \$35,000 of it
5 and then pulled it off the market?
6 MS. BOYD: Objection, your Honor.
7 A. You know --
8 THE COURT: Overruled.
9 A. -- I have absolutely no idea. I'm sorry.
10 MS. BOYD: The Judge needs to rule.
11 THE COURT: Overruled.
12 THE WITNESS: Sorry.
13 MS. BOYD: Thank you, your Honor.
14 THE WITNESS: May I answer the question?
15 I have absolutely no idea of what the internal
16 business proceedings are of Smith & Nephew, so I can't
17 answer your question.
18 BY MR. BLUMENFELD:
19 Q. Now, you did talk a little bit about your
20 arrangements with Smith & Nephew and they called you in
21 late 1997 or early 1998; is that right?
22 A. Correct.
23 Q. And they called you because they wanted to have an
24 RF product on the market and they wanted your help; is
25 that right?

1 A. That's not really quite how I recall the conversation.
2 What I recall is that they were interested in learning more
3 about what would be involved in engaging in such activity.
4 That's how I recall the conversation.
5 Q. And in your early conversations with them, they
6 mentioned ArthroCare, didn't they?
7 A. Would you please help me out by what early is here?
8 Q. December '97, January '98.
9 A. Well, certainly in December they never mentioned
10 ArthroCare. That was a much more general conversation.
11 Q. How about in January of '98?
12 A. In January, it's entirely possible they brought up
13 the name ArthroCare. I don't know for sure, but it's
14 entirely possible.
15 Q. Now, since you started your work in early 1998 for
16 Smith & Nephew, you've been paid, what, over \$2 million
17 by Smith & Nephew?
18 A. In aggregate, between the separate license agreement
19 plus consulting fees, it would be over \$2 million.
20 Q. And that was for your work in the design, the
21 Control RF and the patents that you licensed to them?
22 A. In aggregate, yes, both of them combined.
23 Q. And you said you don't expect to get royalties under
24 your patents, and there actually is a royalty provision in
25 your agreement, isn't there?

1 A. Yes. Mm-hmm.
2 Q. The reason you're not going to get royalties is
3 because they're not using your patents?
4 A. Well, that's not really quite right. It turns out
5 that the nature of that agreement is such that I don't
6 expect royalties even if they were to sell the product.
7 Q. But they're not selling the product?
8 A. That's my understanding. You evidently know more
9 about that than I do. Again, I'm not privy to their
10 internal business decisions.
11 Q. Now, you talked a little bit about the active
12 electrode and the return electrode of the Control RF?
13 A. Yes.
14 Q. You said that you did some laboratory tests. Do you
15 remember that?
16 A. Yes.
17 Q. Now, the return electrode on the Control RF is not
18 intended to be contacting with tissue, is it?
19 A. You know, your question -- in fact, I know you intend
20 it not to be ambiguous -- is, in fact, ambiguous.
21 Q. Was the return electrode on the Control RF intended
22 to be in contact with the tissue?
23 A. During normal operation, one would not intend it.
24 But clearly when one designs such a product, one is aware
25 of the fact that it's entirely possible that the user

1 could, in fact, employ the device or deploy the device in
2 such a fashion it could inadvertently contact tissue, and
3 prudent design would require one to anticipate that
4 possibility and make sure that the product would not harm
5 the patient and, to the extent possible, operate correctly
6 should such an eventuality occur.
7 Q. But the intention was for the return electrode in
8 normal operation not to contact tissue; correct?
9 A. That would be correct.
10 MR. BLUMENFELD: I have no further questions.
11 THE COURT: All right. Any redirect?
12 MS. BOYD: I have just one question.
13 REDIRECT EXAMINATION
14 BY MS. BOYD:
15 Q. Are you aware of complaints from patients and doctors
16 regarding the ArthroCare devices, specifically complaints
17 that they cause injury when they're used?
18 MR. BLUMENFELD: Objection, your Honor.
19 MS. BOYD: It goes to rebut the marketplace
20 acceptance argument that Mr. Blumenfeld brought out on
21 cross.
22 THE COURT: Well, that was brought up because
23 there were questions about how the ArthroCare product
24 wasn't as good as this other product, so that was okay.
25 That is objectionable, so the objection is sustained.

1 MS. BOYD: Thank you, your Honor. No further
2 questions.

3 THE COURT: All right. You may step down, sir.
4 Thank you.

5 (Witness excused)

6 ...
7 MR. MACFERRIN: Good afternoon. Smith & Nephew
8 will now be calling Kate Knudsen as its next witness. Ms.
9 Knudsen is an engineer at Smith & Nephew. She was the
10 head of the team at Oratec that designed and developed the
11 Saphyre device and she will testify about specific features
12 of the Saphyre that are relevant to the issues you will be
13 deciding in this lawsuit.

14 I don't expect she'll finish today, but at
15 least we'll begin with her testimony.

16 Your Honor, Smith & Nephew calls Kate Knudsen.

17 THE COURT: All right. Thank you.

18 ...

19 ... KATE KNUDSEN, having been duly
20 sworn as a witness, was examined and
21 testified as follows ...

22 DIRECT EXAMINATION

23 BY MR. MACFERRIN:

24 Q. Good afternoon, Ms. Knudsen. Would you please
25 introduce yourself to the jury?

1 A. Yes.

2 Q. When was the Saphyre product introduced to the market?

3 A. It was in April of 2002, I believe.

4 Q. Was the design for the Saphyre completed before that
5 time?

6 A. Yes.

7 Q. When was that design completed?

8 A. The design was actually completed in November of 2001.

9 Q. Do you know was that before or after Smith & Nephew
10 acquired Oratec?

11 A. That was prior to the acquisition.

12 Q. Let me ask you about the Saphyre. What is the Saphyre
13 used for?

14 A. The Saphyre probe is used to ablate soft tissue in
15 joints.

16 Q. Okay. Would you please explain what ablate means?

17 A. It basically goes in and obliterates and removes
18 soft tissue that the doctor wants to get rid of inside
19 the joint.

20 Q. And what do you understand soft tissue to mean?

21 A. Soft tissue in your joint is things like ligaments
22 and tendons. And when a ligament is torn inside your knee,
23 they may want to remove it so they can replace it with a
24 fake one.

25 Q. Have you ever used a Saphyre yourself?

1 A. I'm Kate Knudsen.

2 Q. Where do you live?

3 A. I live in San Jose, California.

4 Q. Are you married?

5 A. I am.

6 Q. How long have you been married?

7 A. Three and a half years.

8 Q. Do you have any children?

9 A. Yes. I have an 18-month-old daughter.

10 Q. What do you do for a living?

11 A. I'm a project engineer at Smith & Nephew.

12 Q. How long have you been at Smith & Nephew?

13 A. Just over a year.

14 Q. And where were you before that?

15 A. I was at a company called Oratec Interventions,
16 which was acquired by Smith & Nephew.

17 Q. How long have you been at Oratec or had you been?
18 When did you start at Oratec?

19 A. I started there in June of '99.

20 Q. What did you do at Oratec that brings you here
21 today?

22 A. I was the project manager who started and led the
23 Saphyre bipolar ablation project.

24 Q. And is that the project that resulted in the Saphyre
25 product?

1 A. No.

2 Q. Have you ever used one on a patient?

3 A. No.

4 Q. Why not?

5 A. I don't treat the patients. I just make the devices
6 for the doctor to treat the patients.

7 Q. To your knowledge, has anyone at Smith & Nephew or
8 Oratec ever used the Saphyre on occasion?

9 A. Not that I know of.

10 Q. Why is that?

11 A. Because, again, my company is involved in making
12 devices for the doctors and the doctors are in charge of
13 actually taking care of the patients.

14 MR. MACFERRIN: Your Honor, I'd like to
15 approach and hand the witness a laser pointer.

16 THE COURT: Sure.

17 MR. MACFERRIN: And, Gary, could you turn the
18 Elmo on, please?

19 BY MR. MACFERRIN:

20 Q. Ms. Knudsen, do you recognize what I put up on the
21 Elmo?

22 A. Yes.

23 Q. What is it?

24 A. It's a 90-degree Saphyre bipolar ablation suction
25 probe.

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1 MR. MACFERRIN: And just for the record, it's
2 marked as DTX-572-A.
3 BY MR. MACFERRIN:
4 Q. Could I ask to you point out where the electrodes
5 are on this device?
6 On the screen, if you would.
7 A. This right here is the active electrode, and this is
8 the return electrode right there.
9 Q. What is that pole in the middle of the active
10 electrode?
11 A. That right there is the suction hole.
12 Q. Can that be used to provide fluid?
13 A. No. It's just to remove fluid from inside the joint
14 space.
15 Q. Was the spacing between the electrodes and the
16 Saphyre important in the design?
17 A. Yes. We wanted the return electrode to be as close
18 as possible to the end with the active electrode on it.
19 Q. Did that minimize contact between the return electrode
20 and the body?
21 A. No.
22 Q. Then why did you space the electrodes close together?
23 A. Well, the joint space in a lot of the cases where
24 the doctors are working is really small and so the return
25 electrode needs to be inside that joint space so they can

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1 see what they're doing.
2 Q. Is there any other reason you want the two
3 electrodes to be close together?
4 A. In our case, we wanted the return electrode to be on
5 the same face as the active electrode because they're both
6 going to come in contact with tissue.
7 Q. Is the --
8 A. Go ahead.
9 Q. I'm sorry. Is the size of the joint relevant to the
10 spacing between?
11 A. Yes. Again, it's a really small joint space and so
12 what we wanted was both electrodes to be in the joint
13 space and to be visible to the doctor on the arthroscope
14 as they were used, he or she, used in that procedure.
15 Q. And how did that affect the spacing between the
16 electrodes?
17 A. Again, we wanted them as close as possible and we
18 actually couldn't go any closer than we did because the
19 active and return electrodes would begin to arc to each
20 other and it would actually cause the device to fail.
21 Q. What do you mean arc to each other?
22 A. It would, they would begin to transmit energy
23 directly in an actual arc you can see like in a spark
24 plug, and it would short the probe out so it didn't
25 function any more.

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1 Q. Let me see if I can angle this. I'm going to ask
2 you if you can describe where the surface of the active
3 electrode is relative to -- see if you can describe where
4 the surface of the active electrode is relative to the
5 return electrode.
6 A. So again, this is the active electrode right there,
7 and that is the actual active surface that the doctor uses
8 and this is the return electrode. And the active electrode
9 is covered around like that so that, again, they can get to
10 all the anatomic inside the joint that they need to access
11 to remove the tissue that they're working on.
12 Q. Did that minimize the contact between the return
13 electrode and the body?
14 A. No. Again, because the joint is such a small space
15 and because the spacing in there and the tissue in there
16 is really irregular and bumpy, they couldn't, in this
17 design, we couldn't really keep those, the return from
18 contacting tissue when the active was contacting tissue.
19 Q. Is it easy or difficult to position the Saphyre to
20 keep the return electrode from contacting the body at all
21 while the Saphyre is pulling energy?
22 A. It's difficult to get that return to not contact
23 tissue. Again, the joint space is really small. The two
24 electrodes are very close to each other. They're both
25 facing the same direction and you'll probably notice the

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1 return electrode is pretty big, especially in comparison
2 to the active electrode. So with all of those factors,
3 it's coming in contact with tissue.
4 Q. So was the Saphyre designed to keep the return
5 electrode from contacting the body at all while the
6 Saphyre is applying energy?
7 A. No, that wasn't the design intent. We added a
8 feature of insulation along the back portion, the side
9 that is not facing the active electrode, to protect what
10 we have termed non-targeted tissue. Again, so if the
11 doctor is working in the joint, with this surface, what
12 they're doing, they're removing all of that tissue and
13 ablating it and obliterating it. So as they're working
14 they're kind of using the probe in various directions.
15 And that's what we call targeted tissue,
16 because they're wanting to remove that tissue. So any of
17 the tissue that return electrode is coming in contact with
18 is again that targeted tissue, and what we did is put some
19 insulation along the back there to protect the back or the
20 non-targeted tissue so that back part stays -- we termed it
21 a coolback.
22 Q. Have you applied for patent protection on that
23 feature?
24 A. Yes.
25 Q. What is the status of that application?

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1 A. It's pending.
 2 MR. MacFERRIN: Your Honor, I'd like to approach,
 3 if I can, the witness with an exhibit.
 4 THE COURT: Yes
 5 BY MR. MacFERRIN:
 6 Q. Do you recognize that?
 7 A. Yes.
 8 Q. What is it?
 9 A. It's a CD.
 10 Q. Do you recognize the CD?
 11 A. It's a -- well, it says it's a sales presentation
 12 that would be used by our Marketing Department.
 13 Q. And does the CD -- oh. What is the exhibit number
 14 on the CD?
 15 A. The Defendant's Exhibit number is DTX-315.
 16 Q. Do you know how this CD was used?
 17 A. Again, our Marketing Department would use this to
 18 train salespeople on new products.
 19 MR. MacFERRIN: Your Honor, I'd ask to move
 20 DTX-315 into evidence.
 21 THE COURT: Any objection?
 22 MR. CLARK: No objection, your Honor.
 23 *** (Defendant's Exhibit No. 315 was received into
 24 evidence.)
 25 MR. MacFERRIN: Your Honor, we made a copy of

1 A. Yes.
 2 Q. Does this show the Saphyre return electrode not
 3 contacting the body at all while the energy is applied?
 4 A. No.
 5 Q. Have you ever seen that?
 6 A. I haven't.
 7 Q. To your knowledge, has that ever been done?
 8 A. No.
 9 Q. To your knowledge, has anyone at Oratec or at Smith &
 10 Nephew ever told anyone not to contact the return
 11 electrode to the body at all while energy is applied?
 12 A. No.
 13 Q. Thank you.
 14 Ms. Knudsen, could you please turn to Tab
 15 PX-381 in your binder?
 16 A. What was the number?
 17 Q. PX-381.
 18 Ms. Knudsen, I will ask you, do you recognize
 19 this?
 20 A. Yes.
 21 Q. What is it?
 22 A. It's what we call an IFU or instructions for use
 23 for the Vulcan Saphyre bipolar ablation probes.
 24 Q. Gary is helping me direct your attention to Paragraph
 25 10.

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Page 9

1 the CD.
 2 ---
 3 BY MR. MacFERRIN:
 4 Q. Ms. Knudsen, we have made a copy of the CD. I would
 5 like to show you a video file from that CD that is labeled
 6 BP-90S space -- and I have to do this for the record --
 7 SAD space 2-24SEC.mpg.
 8 Ms. Knudsen, could you please describe for us
 9 what the video is showing us?
 10 A. This is again a Saphyre bipolar ablation probe,
 11 actually in use. That is the active electrode that is
 12 being used to remove tissue. Then there is the return
 13 electrode right there.
 14 Q. Thank you.
 15 A. You can see right there it's glowing orange, that's
 16 when it's actually arcing or removing the tissue. You
 17 can see the tissue coming in contact with that same
 18 surface of the return electrode. And it's making bubbles
 19 as it's being energized and removing the tissue. And you
 20 can see, there is some sort of browning spots and black
 21 spot on the remaining tissue where it's charred, because
 22 again, it's eating through it electrically and heating it
 23 up, so charred tissue remains.
 24 Q. Does this video show contact between the Saphyre
 25 return electrode and the body when energy is applied?

1 THE COURT: I take it this is an admitted
 2 exhibit.
 3 MR. MacFERRIN: This has been admitted, your
 4 Honor.
 5 THE COURT: Thank you.
 6 BY MR. MacFERRIN:
 7 Q. I guess this is our best copy of this. You maybe
 8 know because you read this, you have a copy in front of
 9 you, could you please read what it says there after Warning?
 10 A. The warning says contact of the return electrode with
 11 non-targeted tissue could result in thermal damage of the
 12 non-targeted tissue.
 13 Q. Why does that statement specify non-targeted tissue?
 14 A. Again, because the return electrode and the active
 15 electrode are both in that same, facing the same plane and
 16 basically in the same area, the return electrode is going
 17 to come in contact with the targeted tissue, which is
 18 acceptable to us, because that tissue is all going to be
 19 removed by the doctor. It is the non-targeted tissue that
 20 we are trying to protect with that pulled back.
 21 Q. Is that statement instructing anyone not to contact
 22 the return electrode of the Saphyre with tissue?
 23 A. No. It specifies non-targeted tissue could be
 24 thermally damaged.
 25 MR. MacFERRIN: Your Honor, I would move on to

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1 evidence.)
 2 BY MR. MACFERRIN:
 3 Q. I'd like to play another section of the CD ROM.
 4 MR. MACFERRIN: Could you play SAD ABLA TIC42?
 5 BY MR. MACFERRIN:
 6 Q. Mrs. Knudsen, could you please point out what we're
 7 looking at here on this video?
 8 A. This is, again, one of the monopolar ablaters in
 9 use. It's making bubbles. It's -- the active electrode
 10 is actually facing up into the tissue. You can see when
 11 it's ablating, there's an orange glow and, again, like
 12 we saw yesterday, there's black remnants left behind of
 13 char tissue.
 14 Q. Is this being used with the fluid?
 15 A. Yes.
 16 Q. What kind of fluid is being used?
 17 A. It's in saline.
 18 Q. To your knowledge, has this product been accused
 19 of infringement by ArthroCare?
 20 A. No, it has not.
 21 Q. Are there any -- besides being simpler, are there
 22 any other differences between the ArthroCare ArthroWands
 23 that you looked at and the Saphyre bipolar ablation probe?
 24 A. There are. The ArthroCare ones that I looked at
 25 had a number of active electrodes at their tip and our

1 wand has just one active electrode. The insulator
 2 between the active and the return electrodes are
 3 different. The ArthroCare one uses ceramic and we use
 4 Teflon. And our probes have the long integrated cable
 5 that connects it directly to the generator and their
 6 probes did not have that.
 7 Q. What kind of cable did the ArthroCare ones have?
 8 A. A separate cable that connected the disposable probe
 9 to the generator.
 10 Q. Are there any practical differences between having
 11 an integrated cable and having a separate cable?
 12 A. Well, certainly, we switched to an integrated cable
 13 because it was -- it's cheaper, actually, to manufacture
 14 that cable for us. The hospitals like it better because
 15 they don't have to keep track of this cable and sterilize
 16 it between all the different cases. And we found during
 17 some of our procedures that actual connection between the
 18 probe and the cable would get fluid inside it and it
 19 would cause damage either to the probe or to the generator
 20 itself.
 21 Q. You said you switched to an integrated cable?
 22 A. Yes.
 23 Q. When was that?
 24 A. A couple years ago.
 25 Q. Did ArthroCare, the ones you looked at have an

1 integrated cable?
 2 A. No, they did not.
 3 Q. Do you know if ArthroCare Arthro Ones now have an
 4 integrated cable?
 5 A. Some of them do now.
 6 Q. For how long did they have an integrater?
 7 A. I believe that came out in April of this year.
 8 MR. MACFERRIN: Thank you, Mrs. Knudsen. No
 9 more questions.
 10 CROSS-EXAMINATION
 11 BY MR. CLARK:
 12 Q. Good morning, Mrs. Knudsen. My name is Perry Clark.
 13 I'm a lawyer for ArthroCare Corporation.
 14 When the Saphyre bipolar ablation probe is in
 15 use, the return electrode isn't always in contact with
 16 the tissue, is it?
 17 A. During the time that the active electrode is
 18 ablating tissue, from what I've seen, the return electrode
 19 is -- is contacting tissue primarily.
 20 Q. But is it always in contact with tissue?
 21 A. During the time coergy is applied, mostly always.
 22 I don't know.
 23 Q. Okay. We saw a videotape yesterday and I'd like to
 24 go ahead and play that right now.
 25 MR. CLARK: Chris, if you could.

1 (Videotape played.)
 2 BY MR. CLARK:
 3 Q. Now, this is a videotape showing the Saphyre probe
 4 in use; is that correct?
 5 A. Yes.
 6 ...
 7 Q. This is the active electrode?
 8 A. Yes.
 9 Q. The return electrode is further back?
 10 A. Yes.
 11 Q. You know it's in use because you see the bubbles
 12 that are emanating from the tip; is that correct?
 13 A. Yes. That shows the energy being applied.
 14 Q. That shows the energy being applied?
 15 A. Right.
 16 ...
 17
 18
 19
 20
 21
 22
 23
 24
 25

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1
2 MR. CLARK: Okay. Now, if we could play this
3 again, Chris; and we'll try to pause it at the point where
4 the return electrode isn't in contact.
5 BY MR. CLARK:
6 Q. Do you see it's about to make some bubbles? Do you
7 see the return electrode is not in contact with the tissue?
8 A. Correct.
9 Q. Okay. So the return electrode is not always in
10 contact with the tissue when the Saphyre bipolar probe is
11 in use?
12 A. I can't exactly tell that it's in use right there,
13 but it does appear that way.
14 Q. Okay. Now, the return electrode on the Saphyre is
15 not intended to have a tissue effect; is that correct?
16 A. It can't not have tissue effect.
17 Q. It can't not have a tissue effect? I'm sorry.
18 A. Right. It is energized and, therefore, if it comes
19 in contact with tissue, it will have an effect.
20 Q. It will have a tissue effect?
21 A. Yes.
22 Q. Did Oratec intend for the return electrode on the
23 Saphyre to have a tissue effect?
24 A. Again I'm saying, we couldn't design a probe, I
25 couldn't design a probe where that return electrode did

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1 not have a tissue effect. That was -- that was something
2 that I could not do.
3 Q. Now, you recall that you gave a deposition in this
4 case; is that correct?
5 A. Yes.
6 Q. And you gave that deposition at our law office?
7 A. Yes.
8 Q. At that deposition you were under oath; is that
9 correct?
10 A. Yes.
11 MR. CLARK: Your Honor, may I approach the
12 witness?
13 THE COURT: Yes.
14 A JUROR: Could you speak a little louder?
15 Just a little bit.
16 MR. CLARK: I'm sorry. I apologize.
17 BY MR. CLARK:
18 Q. Now, I've handed you a copy of the transcript from
19 your deposition. And if you could turn to Page 210, I'm
20 looking at Line 21. And I asked you in your deposition:
21 Is the return electrode on the Saphyre bipolar
22 ablation probe intended to have a tissue effect?
23 And you answered: That was not the design
24 intent.
25 A. I'm sorry. Where are you?

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1 Q. I'm looking at the answer on Line 4 on Page 211.
2 MR. MacFERRIN: Objection, your Honor. This
3 is not impeachment.
4 THE COURT: Well, I think that can be cleared
5 up on your redirect or in her answer to this question.
6 All right.
7 THE WITNESS: I'm sorry. Can you repeat?
8 BY MR. CLARK:
9 Q. Did I ask you in your deposition: Is the return
10 electrode on the Saphyre bipolar ablation probe intended
11 to have an effect on tissue? And did you answer that that
12 was not the design intent?
13 A. That -- that's what it reads here. Yes.
14 Q. Okay. Now, the return electrode -- during the
15 physician evaluations on the Saphyre probe, you learned
16 that the return electrode could have an effect on tissue;
17 is that correct?
18 A. We did know that prior to then, but --
19 Q. And you learned that if the return electrode becomes
20 enveloped in tissue, it could actually char tissue; is that
21 correct?
22 A. Yes, it can.
23 Q. Okay. And you added a warning on the IFU against --
24 A. I believe the IFU says not to touch -- not to touch
25 non-targeted tissue in the return electrode.

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1 Q. But non-targeted tissue is tissue on the patient's
2 body; is that correct?
3 A. Well, it's -- it's tissue that the doctor is not
4 intending to remove, which would be the targeted tissue.
5 Q. Okay. And as a result of the -- the fact that the
6 return electrode could have -- could potentially char
7 patient tissue, did you direct that an Oratec
8 representative be present during all of the physician
9 evaluations?
10 A. That's common practice. But, yes, we did specify
11 that again.
12 Q. Okay. And you train these Oratec representatives;
13 is that correct?
14 A. Actually, I don't train them specifically.
15 Q. But Oratec trains its representatives?
16 A. Yes.
17 Q. Okay.
18 MR. CLARK: Chris, if I could have brought up
19 Exhibit PX-390, which I believe has already been admitted
20 into evidence...
21 BY MR. CLARK:
22 Q. And you see that this is a document entitled Saphyre
23 Bipolar Ablation Probes, Sales Guide?
24 A. Yes.
25 Q. And it's prepared by the Marketing and Sales

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1 Training Department at Oratec, which became Smith & Nephew.
 2 MR. CLARK: okay, Chris. If we could go to
 3 Page 37 of the sales guide, please...
 4 And if we could call out the heading that's
 5 followed by the four bullet points in the middle of the
 6 page... I believe the heading says, Saphyre Probe Use,
 7 Tips And Techniques.
 8 Actually, if I could have the entire set of
 9 bullet points...
 10 BY MR. CLARK:
 11 Q. Now, do you see the third bullet point says care
 12 should be taken to prevent tissue contact with the return
 13 electrode on the Saphyre probe shaft? Do you see that?
 14 A. Yes.
 15 Q. And do you see the last sentence reads, for this
 16 reason, it is important to avoid inadvertent contact with
 17 tissue adjacent to the operative site?
 18 A. Yes.
 19 Q. Now, Ms. Knudsen, you testified that you've
 20 actually used the Saphyre probe; is that correct?
 21 A. Yes.
 22 Q. And you used the Saphyre probe at Oratec in Menlo
 23 Park?
 24 A. Yes.
 25 Q. And you used the Saphyre probe on a human cadaver?

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1 A. I -- I've certainly been present when it was used on
 2 a human cadaver.
 3 Q. And was it used by an Oratec employee?
 4 A. Yes, it has been.
 5 Q. And this was the shoulder of the cadaver?
 6 A. Correct.
 7 Q. And the shoulder joint was completely filled with
 8 saline?
 9 A. Yes.
 10 Q. And when you saw the Saphyre used on that cadaver by
 11 an Oratec employee, was an endoscope used at the same time?
 12 A. Yes.
 13 Q. And that would be referred to an arthroscope in the
 14 situation?
 15 A. Yes.
 16 Q. Were you able to see the video monitor to which that
 17 arthroscope was attached?
 18 A. Yes.
 19 Q. You could see an orange glow emanating from the
 20 active tip?
 21 A. When -- when it's in use, when energy is applied.
 22 Q. All right. And when the Saphyre is in use, a
 23 current flow path is created between the active electrode
 24 and the return electrode?
 25 A. You can't see that.

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1 Q. Is that your understanding of how it works?
 2 A. Yes.
 3 Q. And is that what occurred when you saw the Saphyre
 4 used at Oratec?
 5 A. Yes.
 6 Q. While you were working at Oratec, you had the
 7 opportunity to read some of Arthrocare's patents; is
 8 that correct?
 9 A. Yes.
 10 Q. And you read some of those patents before November
 11 2001?
 12 A. Yes.
 13 Q. And those patents covered by polar ablation devices?
 14 A. Correct.
 15 Q. And you read at least two of those patents; is that
 16 correct?
 17 A. Correct.
 18 Q. Okay.
 19 MR. CLARK: I have no further questions.
 20 THE COURT: All right. Redirect.
 21 REDIRECT EXAMINATION
 22 BY MR. MacFERRIN:
 23 Q. Mrs. Knudsen, Mr. Clark asked you if the Saphyre probe,
 24 when it was used, if the return electrode always contacted
 25 tissue.

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1 Do you remember that?
 2 A. Yes.
 3 Q. Does that mean that the return electrode does not
 4 contact the body at all while energy is applied?
 5 A. No. On the contrary, for the most part, even if
 6 the video, the return electrode is in contact with tissue.
 7 Q. Okay. Also, he asked you --
 8 MR. MacFERRIN: Could I have Plaintiff's
 9 Exhibit 390, please? Go to Page 37.
 10 BY MR. MacFERRIN:
 11 Q. But while he's -- yes. Actually, do you recall
 12 being asked about a sales guide?
 13 A. Yes.
 14 Q. Did you write the sales guide?
 15 A. No, I did not.
 16 MR. MacFERRIN: Could you please zoom in on
 17 the third point?
 18 BY MR. MacFERRIN:
 19 Q. Do you see that last sentence there? The last
 20 sentence, it says, for this reason, it is important to
 21 avoid inadvertent contact with tissue adjacent to the
 22 operative site.
 23 A. Yes.
 24 Q. Is tissue adjacent to the operative site targeted
 25 tissue or is it non-targeted tissue?

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1 MR. CLARK: Your Honor, I object to that
2 question as a leading question.
3 THE COURT: As a leading question?
4 MR. CLARK: Yes.
5 MR. MacFERRIN: I'm asking if it's targeted or
6 non-targeted.
7 THE COURT: The objection is overruled.
8 THE WITNESS: The -- the tissue adjacent to
9 the operative site would be non-targeted tissue that is
10 next to the targeted tissue.
11 BY MR. MacFERRIN:
12 Q. Did anyone at Oratec tell anyone not to contact the
13 return electrode to the body at all while energy is
14 applied?
15 A. Not to my knowledge.
16 Q. Have you ever seen that happen?
17 A. Seen...
18 Q. Have you ever seen a Saphyre probe used such that
19 the return electrode does not contact the body at all
20 while energy is applied?
21 A. I have not seen that.
22 Q. Have you ever heard of that happening?
23 A. I've not heard of that.
24 Q. Have you ever heard of anyone at Smith & Nephew
25 or Oratec telling anyone to do that?

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1 A. No.
2 Q. The ArthroCare patents that you read while at Oratec,
3 those are public documents; correct?
4 A. Correct.
5 Q. Did you learn anything from those patents that you
6 used in the design of the Saphyre?
7 A. Not that I used, no.
8 Q. Did you use anything from your study of the
9 ArthroCare wand that helped you design the Saphyre?
10 A. I learned a few things I didn't want to do.
11 MR. MacFERRIN: Thank you. No further
12 questions.
13 THE COURT: All right. You may step down.
14 Thank you very much.
15 THE WITNESS: Thank you.
16 (Witness excused)
17 ...
18 THE COURT: Who's on next?
19 (Pause.)
20 MR. MARSDEN: Ladies and gentlemen of the jury,
21 our next witness will be Karen Drucker and Mr. Hebert will
22 be presenting Ms. Drucker. The reason for this shuttling
23 in and out is fact witnesses are sequestered and required
24 to stay outside of the courtroom during the testimony of
25 other fact witnesses, so there's a little bit of shuffling

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1 that needs to take place between witnesses.
2 MR. HEBERT: I apologize, your Honor.
3 THE COURT: That's all right. I guess you can
4 swear the witness.
5 ...
6 ... KAREN DRUCKER, having been duly
7 sworn as a witness, was examined and
8 testified as follows ...
9 MR. HEBERT: Good morning, ladies and
10 gentlemen. Ms. Drucker is the engineer at Smith & Nephew
11 who led the development team that developed the
12 ElectroBlade product, which is one of the three products
13 accused of infringement.
14 She's going to testify regarding how the
15 ElectroBlade was developed, how it compares to the prior
16 shaver product of Smith & Nephew that Mr. Sparks
17 introduced to you yesterday and she's going to talk
18 about some of the features of the ElectroBlade.
19 DIRECT EXAMINATION
20 BY MR. HEBERT:
21 Q. Good morning, Ms. Drucker.
22 A. Good morning.
23 Q. Could you please introduce yourself to the jury?
24 A. Good morning: I'm Karen Drucker.
25 Q. Ms. Drucker, where do you live?

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1 A. I live in Danville, New Hampshire.
2 Q. Are you married?
3 A. Yes.
4 Q. How long have you been married?
5 A. I've been married for 18 years.
6 Q. Do you have any children?
7 A. I have two children, both girls, 10 and 13.
8 Q. Do you hold any college degrees?
9 A. I have a Bachelor of Engineering from McGill
10 University.
11 Q. Are you currently employed by Smith & Nephew?
12 A. Yes.
13 Q. And how long have you been employed by Smith &
14 Nephew?
15 A. Approximately 15 years.
16 Q. What is your current position at Smith & Nephew?
17 A. I'm an R&D Manager in charge of disposable resection
18 products.
19 Q. Could you explain to us, because I think that's a
20 new term that we have not heard, what is a disposable
21 resection product?
22 A. Primarily shaver blades. They're the disposable
23 rotary mechanical cutting instruments that fit into our
24 existing rotary-powered instrumentation line.
25 Q. When you use the term resection, can you explain

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1 Q. Does the ElectroBlade provide any efficiencies in
2 connection with the surgery done on the patient?
3 A. Yes, because it combines these two functionalities,
4 what it enables the doctor to do is to do mechanical
5 shaving, which removes, you know, rather large volumes of
6 tissue and simultaneous coagulate, so that the surgeons
7 feel the view is clear and they don't need to pull
8 instrumentation in and out of the joint.
9 Any time a doctor pulls an instrument out and
10 puts another instrument in, it takes up time. There's a
11 potential for inadvertently scuffing healthy tissue, such
12 as cartilage, which you can't regenerate. So it saves
13 both the surgeon time and it also makes it a safer
14 procedure.
15 Q. I'd like to now turn briefly to the modes of
16 operation in which the ElectroBlade can be used.
17 A. Mm-hmm.
18 Q. First of all, can the ElectroBlade be used to do RF
19 ablation?
20 A. No.
21 Q. Okay. How many modes of operation does the
22 ElectroBlade have?
23 A. There are basically two modes of operation described
24 in the IFU.
25 Q. What are those two modes?

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1 A. The first and the most frequently used is
2 simultaneous mechanical cutting and using the rotary
3 mechanical feature in shaver blades.
4 Q. Ms. Drucker, do you have a video that you'd like to
5 present to us later that shows this?
6 A. Yes.
7 Q. Okay. And the other mode is...
8 A. I didn't finish.
9 Q. I'm sorry.
10 A. Simultaneous mechanical cutting and coagulation using
11 RF energy. So both mechanical cutting is taking place and
12 the doctor also activates the RF.
13 The second mode of operation --
14 Q. The second mode?
15 A. And we have a film of this as well.
16 Q. We have a video of that as well. Okay.
17 A. Shows RF -- using RF energy to coagulate only. So
18 if inadvertently the surgeon comes across the bleeder in
19 the joint, they can just step on the foot pedal and
20 coagulate those bleeders.
21 Q. The first mode of operation is called what?
22 A. Simultaneous cut and color.
23 Q. And the second mode of operation is called what?
24 A. Coagulation.
25 Q. Coagulation only?

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1 A. Only.
2 MR. HEBERT: May Ms. Drucker come before the
3 jury and explain the parts?
4 THE COURT: Absolutely.
5 (At this point the witness then stepped down
6 from the witness stand.)
7 MR. CLARK: Your Honor, may I move?
8 THE COURT: Yes. Wherever you need to see.
9 BY MR. HEBERT:
10 Q. Okay. If you could just stand where the jury can see
11 you...
12 A. Okay.
13 Q. See the ElectroBlade.
14 A. Okay. Essentially, this is --
15 Q. Let me just ask you a few questions and then you'll
16 be able to go through it.
17 First of all, could you explain the various
18 parts of the ElectroBlade?
19 A. Sure. This is what we call the inner blade and it's
20 absolutely identical to our existing mechanical shaver
21 inner blade (indicating). Tissue is sucked inside the
22 inner blade to vacuum, provided by the motor drive unit or
23 MDU.
24 The inner blade rotates inside of what we call
25 the outer blade. Again, absolutely identical to our

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1 existing shaver blade, middle blade. The only exception
2 being that this blue mechanical insulation around this
3 outer blade, so that's the second concentric tube.
4 The third concentric tube is actually a return
5 for the -- for the bipolar device. And that has that sort
6 of a -- an arcing shape on the back.
7 Q. So just so we're clear, could you point out what
8 part of the ElectroBlade is the return electrode?
9 A. Basically, this third outer tube. I hope everybody
10 can see it. The shiny metal part, and it sort of has a
11 strange shape. That is the return.
12 A JUROR: This is what you are talking about?
13 THE WITNESS: Yes.
14 MR. HEBERT: Your Honor, a juror just asked a
15 question. I don't know if you want to comment on whether
16 that's okay or not.
17 THE COURT: Generally, we don't --
18 THE WITNESS: I'm sorry.
19 THE COURT: We don't encourage that, just
20 because it gets --
21 THE WITNESS: Sure.
22 THE COURT: Okay.
23 BY MR. HEBERT:
24 Q. Ms. Drucker, I've broadcast here -- I've blown up a
25 picture of the end of the ElectroBlade.

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1 A. The initial shape was just if you could imagine
 2 just this tube being sort of cut off here, that was the
 3 initial shape; the third concentric shape. But we found
 4 we needed to actually push this tube all the way up the
 5 back of the device as close as possible as we could get
 6 to the -- to the return. I'm sorry. To the active
 7 electrode.
 8 Q. Why did you need to make that change?
 9 A. To ensure that we got cutting or coagulation up
 10 where we're doing the cutting, up towards the tip.
 11 Q. Is the ElectroBlade used in any sort of a particular
 12 fluid environment?
 13 A. The ElectroBlade is indicated for arthroscopy,
 14 which means that it's always used in a fluid environment.
 15 Q. What type of fluid is that?
 16 A. Saline.
 17 Q. And is saline an electrically conductive fluid?
 18 A. Yes.
 19 Q. Does the ElectroBlade supply the saline to the
 20 joint?
 21 A. No, it doesn't.
 22 Q. How does the saline fluid get into the joint when
 23 the ElectroBlade is used?
 24 A. There are a number of different ways to supply fluid
 25 to the joint. For instance, we manufacture a pump called

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1 the InteliJet, a number of other manufacturers manufacture
 2 pumps to supply fluid to the joint.
 3 Some people just use a gravity in flow, which
 4 means they just basically hang a bag from a pole and
 5 inflow into the joint. All of those are acceptable methods
 6 for arthroscopy.
 7 Q. Ms. Drucker, you should have a book of exhibits in
 8 front of you.
 9 A. Mm-hmm.
 10 Q. And hopefully it has exhibit PX-189 in it. If it
 11 does, could you turn to that, please?
 12 A. Okay.
 13 MR. HEBERT: This is in evidence, your Honor.
 14 Can we get that on the screen?
 15 BY MR. HEBERT:
 16 Q. Is this a copy of the instructions for use of the
 17 ElectroBlade?
 18 A. Yes.
 19 Q. Did you have any role in drafting or approving these
 20 instructions for use?
 21 A. Yes.
 22 Q. What was your role?
 23 A. I helped draft them. I also reviewed and approved
 24 these instructions.
 25 MR. HEBERT: Can we turn to the third page in

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1 the exhibit?
 2 BY MR. HEBERT:
 3 Q. Are you familiar with what is set forth on the third
 4 page of Exhibit PX-189, Ms. Drucker?
 5 A. Yes.
 6 Q. Generally, what is set forth on that page?
 7 A. Basically, it's -- it shows an equipment set up with
 8 several systems in place of the ElectroBlade system and
 9 the InteliJet system and it shows that it's compliant to
 10 IEC60601-1-1.
 11 MR. HEBERT: Can we back up? Could you blow
 12 up the top left corner, where it talks about the IEC
 13 standard, please?
 14 BY MR. HEBERT:
 15 Q. You referred to IEC60601-1-1.
 16 Do you know what that is?
 17 A. Yes.
 18 Q. What is that?
 19 A. IEC60601-1-1 is a European medical electrical
 20 standard that deals with risks associated with coupling
 21 systems together.
 22 Q. Do you know if the ElectroBlade is sold in Europe?
 23 A. Yes. We distribute it in Europe.
 24 Q. This particular paragraph refers to leakage current
 25 and it says if the leakage current of the configured

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1 system exceeds the limits of, and then it refers to that
 2 long number again, you are supposed to do something;
 3 right?
 4 A. Yes.
 5 Q. What is -- what does leakage current mean?
 6 A. Leakage current basically is current to unintended
 7 sites, so sites that you are not doing surgery. If there's
 8 leakage, if there's current, it goes to that site. That's
 9 described as leakage in these -- in these standards.
 10 Q. Does showing compliance with this European standard
 11 indicate anything at all about the safety of the
 12 ElectroBlade?
 13 A. Yes. Basically, it means that not only the
 14 ElectroBlade and its system, but also the InteliJet, when
 15 hooked up with that system, is safe and it meets that
 16 standard, which addresses not only leakage, but other r-
 17 other risks.
 18 Q. This is so detailed that it actually even talks
 19 about which outlet you can plug things into, doesn't it?
 20 A. That's -- that's right, because essentially, we set
 21 the equipment up or we have a test house set that up and
 22 test to make sure that there are no risks and the system
 23 is safe as configured.
 24 MR. HEBERT: Can we get the paragraph in the
 25 upper right?

1
2 Q. When it says that those two parts are completely
3 surrounded by irrigant solution, does that mean that they
4 are not supposed to contact tissue when the ElectroBlade
5 is being used?

6 MR. CLARK: Your Honor, I object to that
7 question as being leading.

8 THE COURT: All right. Let's restate the
9 question.

10 BY MR. HEBERT:

11 Q. In this particular bullet point, when it refers to
12 the shaver blade tip and the uninsulated tube return being
13 completely surrounded by irrigant solution, does that place
14 any restriction on the location of those two components
15 with respect to the tissue?

16 A. No, it doesn't. In fact, the inner blade obviously
17 needs to be in contact with tissue in order to work.

18 Q. Does this bullet point mean that the return
19 electrode is not supposed to contact tissue?

20 A. No. The return electrode is actually designed to
21 contact tissue because of the size of the device and
22 the -- and accessing tight joint spaces.

23 Q. Well, when it says completely surrounded by
24 irrigant solution, what does that mean, then?

25 A. That means you need to make sure essentially that

1 the device is all the way in the joint.

2 Q. When it talks about the blade tip being completely
3 surrounded by irrigant solution, if the blade tip was not
4 in contact with the tissue, would the ElectroBlade work?

5 A. No, it wouldn't work.

6 Q. Why is that?

7 A. Because in order to do mechanical cutting or
8 coagulation, the blade tip needs to be in contact with
9 the tissue.

10 MR. HEBERT: If we could please turn to PX-199...

11 BY MR. HEBERT:

12 Q. You may have that --

13 A. I'm sorry. I didn't hear that.

14 Q. 199. Do you have that in your book?

15 Do you know what PX-199 is, Ms. Drucker?

16 A. Yes. It's a sales training guide for the
17 ElectroBlade.

18 Q. Is it -- there's a list of things on the right-hand
19 side. Do you know what those are?

20 A. Yes.

21 Q. What is that?

22 A. Do you want me to go through them?

23 Q. No. Generally.

24 Is this a table of contents?

25 A. Yes. I'm sorry. It's a table of contents.

1 Q. All right. Is this for some kind of a presentation?

2 A. It's -- it's a presentation to our -- our sales
3 force on customer training and sales strategy for the
4 ElectroBlade Resector.

5 Q. Did you approve this -- this presentation as
6 reflected in PX-199?

7 A. I reviewed -- I approved some components of it. I
8 approved the customer training CD. I reviewed and had
9 input into the other components.

10 Q. Okay.

11 MR. HEBERT: Could we turn to the eleventh page
12 of that?

13 BY MR. HEBERT:

14 Q. It should say, Tips For Optimal Operation.

15 (Pause.)

16 BY MR. HEBERT:

17 Q. I would like to ask you about the last bullet point
18 on that page, where it says, ensure the entire tip
19 including the return is immersed in saline. The return
20 is inactive because the energy is spread over a large
21 surface area. If the sheath is not completely immersed
22 in saline, the area where the RF energy returns is
23 reduced. This could allow the return to become an active
24 site when the RF is turned on.

25 First of all, there is a reference to being

1 completely immersed in saline. And, Ms. Drucker, I'd like
2 to ask: Does that mean that the return is not supposed
3 to contact the tissue?

4 A. No.

5 Q. What does that mean?

6 A. That means basically you want the entire return
7 inside the joint in the saline.

8 Q. Does this bullet point explain what would happen if
9 the return is not entirely within the joint?

10 A. Yes. As I mentioned previously, we design the
11 ElectroBlade so that the return could touch saline. As
12 the doctor is using the instrument, he has -- it has the
13 front or the active, which is the inner blade, in his
14 field of view.

15 Because the size of the device is so large,
16 we knew that the return would, in fact, contact tissue,
17 so we made the return surface area very large so that we
18 wouldn't have tissue effects on the return or the back
19 side of the ElectroBlade outside of the surgeon's field
20 of view.

21 If -- if that return is only partially
22 immersed in saline, just a little bit of it, then the
23 surface area of that return becomes equivalent to the
24 surface area of the active and it's possible to get tissue
25 effects on the return side when it's touching tissue. And,

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1 again, that's outside of the field of view of the surgeon,
 2 so that's obviously a safety concern.
 3 MR. HEBERT: May I approach, your Honor?
 4 THE COURT: Yes, you may.
 5 BY MR. HEBERT:
 6 Q. Ms. Drucker, I'm handing you a CD that has been
 7 marked as DTX-316 (handing exhibit to the witness).
 8 A. Yes.
 9 Q. And do you know what's on that CD?
 10 A. Yes. Basically, it was the -- the table of
 11 contents that you showed previously, which include the
 12 customer training CD and also all the sales strategy
 13 information put together by Marketing.
 14 MR. HEBERT: I move the admission of 316,
 15 please.
 16 MR. CLARK: No objection, your Honor.
 17 *** (Defendant's Exhibit No. 316 was received into
 18 evidence.)
 19 BY MR. HEBERT:
 20 Q. Does that CD include some clips of surgeries?
 21 A. Yes. The customer training CD includes some clips
 22 of surgeries.
 23 Q. The customer training CD is included within that CD;
 24 right?
 25 A. Within that CD. That's right.

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1 Q. Does it include a surgery done by Dr. Biancole
 2 (phonetic)?
 3 A. Yes, it does.
 4 Q. Does it include a surgery done by Dr. Josh Single?
 5 A. Yes, it does.
 6 Q. Were you present during those surgeries?
 7 A. Yes, I was.
 8 Q. Did you approve the inclusion of the video clips for
 9 those surgeries in Exhibit 316?
 10 A. Yes, I did.
 11 Q. Okay. What I would like to do now, Ms. Drucker, is
 12 play both of those CD's. Not the CD's, those two short
 13 clips, and I would like you to explain to the jury what
 14 is going on, what is being shown in those clips and, in
 15 particular, if you could use your pointer...
 16 Do you still have that?
 17 A. Yes.
 18 Q. And if you could point out to the jury a couple of
 19 features...
 20 And I would like you to, in particular, focus
 21 on when the return electrode is touching the tissue or not
 22 touching the tissue. And also I would like you to explain
 23 when the power is turned on or turned off. Okay?
 24 A. Okay.
 25 MR. HEBERT: Could we start with the clip that

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1 is called E Blade, Dr. Siegel, Simultaneous Lot MPG,
 2 please?
 3 THE WITNESS: Okay.
 4 MR. HEBERT: Before you play it --
 5 THE WITNESS: I should perhaps --
 6 BY MR. HEBERT:
 7 Q. Do you want to explain what's going on here?
 8 A. Yes, I think so, because it's going to go very
 9 fast --
 10 Q. Yes.
 11 A. -- and it will be difficult to explain.
 12 This is a clip that we use to transfer
 13 actually the simultaneous cut and coag feature that I
 14 mentioned before. So there's going to be mechanical
 15 cutting going on. There's also going to be simultaneous
 16 application of RF and since there's -- there's no noise,
 17 the way that you know that RF is being applied, other
 18 than -- basically, you'll see a little bit of charring,
 19 a little bit of tissue effect. You will also see a little
 20 bit of bubbling, and that's what to look for in order to
 21 see the RF is on.
 22 Q. Are you ready to start?
 23 A. Sure.
 24 Q. Okay.
 25 MR. HEBERT: Can we play that?

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1 (Video played.)
 2 THE WITNESS: Okay. Here's the mechanical
 3 cutting (indicating) and you can see the bleeding. And --
 4 BY MR. HEBERT:
 5 Q. Louder, please.
 6 A. RF is on. You can see the bubbling. The back end
 7 here is contacting tissue. RF is on. RF is on. Again,
 8 the return is contacting tissue, right there (indicating).
 9 RF is on. You can see the bubbling. Mechanical cutting
 10 and coagulating.
 11 The --
 12 Q. Is --
 13 A. It's contacting tissue in the front. It's also
 14 contacting tissue on return in the back. And, again,
 15 the bubbling shows that RF is on. And RF is on and it's
 16 completely immersed, the whole thing in tissue there.
 17 And you can see that the tissue effects,
 18 they're pretty slight because most of the tissue cutting,
 19 all the tissue cutting is, again, done by mechanical
 20 means and the charring shows the tissue effects.
 21 Q. Is the return contacting here? Can you tell? Can
 22 you tell if the return is contacting, if the power is on
 23 there?
 24 A. If the power is off, there's no bubbling. That was
 25 just scanning --

1 Q. Okay.
 2 A. -- scanning over the tissue that was already --
 3 already treated.
 4 Q. Was the power on during virtually the entire clip?
 5 A. Yes.
 6 Q. Is that actually an inherent aspect of that
 7 particular mode of operation of the ElectroBlade?
 8 A. Yes. Basically, they operate the mechanical
 9 cutting and the RF energy at the same time, within
 10 manufacturer's constraints.
 11 Q. Okay.
 12 MR. HEBERT: Could we next get the clip which
 13 is labeled in the CD as E Blade, Dr. Cole, coagulation dot
 14 MPG.
 15 THE WITNESS: Okay. And just to explain this
 16 a little bit as well, this, again, is a clip that we used
 17 to show or to train doctors clinically what we mean by
 18 the coagulation only mode. And basically, what you are
 19 going to see here, you're going to see some mechanical
 20 cutting, which induces bleeding, and then also some --
 21 some coagulation.
 22 The bubbles here, because it's done at an even
 23 lower power level, because we're not doing mechanical
 24 cutting at the same time, so the inner is spinning. The
 25 bubbles are much harder to see. However, you can see

1 some charring and some tissue effects that indicates that
 2 the RF power is on. Okay.
 3 BY MR. HEBERT:
 4 Q. Are you ready to proceed?
 5 A. Okay. Okay. There's -- they're doing mechanical
 6 cutting and now the RF is on because, as you see, there's
 7 charring there, and the return was contacting the whole
 8 time during that charring. The RF is on now. Again, you
 9 can see the -- the charring effects and it's touching the
 10 back side and also the front of the tissue.
 11 The RF is on. You can see a little bit of
 12 blanching there and some charring and, basically, it's
 13 pretty much immersed in tissue right there.
 14 Okay.
 15 Q. How often do the -- does the return electrode
 16 contact the tissue while the power was applied in this
 17 clip we just saw?
 18 A. Pretty consistently, I would say. Some portion, if
 19 not the front part, then the return was contacting. And,
 20 again, because of the size of the device, it was designed
 21 to allow for that.
 22 Q. Allow for what?
 23 A. For -- for tissue contacting the return.
 24 MR. HEBERT: Could I get PX-675, please...
 25 The second page. PX-675. Item No. 4, please.

1 BY MR. HEBERT:
 2 Q. This is the claim construction that Judge Robinson
 3 has applied for claim terms spacing a return electrode away
 4 from the body structure as well as the return electrode is
 5 not in contact with the body structure, which are in the
 6 '592 patent. And the claim construction, Ms. Drucker,
 7 I'd like to direct your attention to this part:
 8 A. Mm-hmm.
 9 Q. Means that the return electrode is not to contact
 10 the body at all during the performance of the claimed
 11 method.
 12 Ms. Drucker, when the ElectroBlade is used in
 13 the simultaneous cut and coag mode, does the return
 14 electrode contact the body at all during the performance
 15 of the method?
 16 A. Yes.
 17 MR. CLARK: Your Honor, I need to object to
 18 this question. This is calling for an opinion from a lay
 19 witness.
 20 THE COURT: Repeat the question.
 21 MR. HEBERT: I believe the question was
 22 directed to one of the video clips and asking whether
 23 what was shown in the video clips as a particular mode of
 24 operation showed that the return electrode was not to
 25 contact the body at all during the performance of the

1 method, as the Court has interpreted the claim.
 2 THE COURT: well, I think if you ask a factual
 3 question without as the Court has interpreted the claim,
 4 that would be an appropriate question.
 5 MR. HEBERT: Okay. Thank you.
 6 BY MR. HEBERT:
 7 Q. Ms. Drucker, when the ElectroBlade is used in the
 8 cut, the simultaneous cut and coag mode of operation,
 9 does the return electrode contact the body at all during
 10 the performance of the -- of that method?
 11 A. Yes, it does. As I mentioned previously, it was
 12 designed to do that, the size of the device and the space
 13 in the joint.
 14 Q. And when the ElectroBlade is used in the coagulation
 15 only mode, the other mode of operation, does the return
 16 electrode contact the body at all during the performance
 17 of that method?
 18 A. Yes, it does, because it needs to access the same
 19 spaces in the joint.
 20 MR. HEBERT: Thank you. I have no further
 21 questions.
 22 THE COURT: All right. Let's take our morning
 23 break before we proceed to cross-examination.
 24 (At this point the jury was excused for a short
 25 recess.)

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1 THE COURT: All right. 15 minutes.
 2 (Short recess taken.)
 3 ...
 4
 5 (Court resumed after the recess, and the
 6 following occurred without the presence of the jury.)
 7
 8 THE COURT: The sky, in fact, is falling
 9 apparently here in our courtroom. The jury is complaining
 10 about having debris falling on them. Our people have
 11 asked us to keep samples so they can try to determine
 12 what exactly is falling. So if you start feeling things,
 13 we thought we'd hand out specimen bags or something, I
 14 don't know. But kind of let us know if you're finding
 15 things falling as well.
 16 MR. HEBERT: I have a witness issue.
 17 THE COURT: I have a timing issue. I don't
 18 know where we are in the presentation of evidence. We're
 19 going to try to get jury instructions to you at the end
 20 of the day. I think we need to have our prayer conference
 21 tomorrow morning. I have an 8:30 telephone conference,
 22 but we could probably start meeting at 9:00, but I'd like
 23 an idea from you as to -- I guess when we should have the
 24 jury come in tomorrow to allow for a charge conference
 25 before we have any more witnesses tomorrow.

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1 So think about that and you can let me know
 2 before we excuse the jury tonight.
 3 So there's a witness issue?
 4 MR. HEBERT: Yes. It involves Dr. Goldberg,
 5 who may come up before the next break, so I wanted to raise
 6 it out of the presence of the jury.
 7 THE COURT: All right.
 8 MR. HEBERT: He did not testify at all. He has
 9 been excused for this portion. He did not testify at all
 10 on the doctrine of equivalents and I'm going to cross-
 11 examine him. I'm not going to get into the doctrine of
 12 equivalents, but I don't want it coming up in a back door
 13 sort of way that it comes in, your Honor, so I just want
 14 to alert the Court that this issue may arise, to avoid
 15 surprises.
 16 THE COURT: All right.
 17 MR. HEBERT: He tends to give very long,
 18 rambling speeches going in many different directions. And
 19 I don't want something being, you know, being kind of
 20 jammed in accidentally, as it were.
 21 MR. BOBROW: Your Honor, that's going to
 22 depend on the scope of the questions. Even more than that,
 23 when I was doing the direct examination of Dr. Goldberg,
 24 you asked me to deal with certain issues on redirect
 25 related to whether certain claim terms were or were not

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1 equivalent and whether or not Dr. Goldberg agreed with
 2 some of Smith & Nephew's arguments about whether or not
 3 certain limitations were met or not. So we deferred that
 4 portion of it at your direction.
 5 I don't know whether or not the questions are
 6 going to elicit that, but I may very well, in terms of
 7 redirect, go into some of those issues about whether
 8 there are substantial differences or not.
 9 THE COURT: All right. Well, you all have
 10 the benefit of knowing what I said and what I didn't
 11 because I can't remember what I said, but I think we'll
 12 have to probably not do anything further than that. Know
 13 that the issue is out there and see if we can head it off.
 14 MR. HEBERT: I wanted to alert the Court.
 15 THE COURT: All right. Anything else before
 16 we bring our jury in?
 17 (At this point the jury entered the courtroom
 18 and took their seats in the box.)
 19 THE COURT: All right. You may proceed.
 20 CROSS-EXAMINATION
 21 BY MR. CLARK:
 22 Q. Good morning, Ms. Drucker.
 23 A. Good morning.
 24 Q. There are times when the ElectroBlade is in use
 25 that the return electrode is not in contact with the

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1 tissue?
 2 A. It's possible.
 3 Q. Okay. I'd like to show a video right now. It's
 4 PX-105, an exhibit, I believe, that has already been
 5 admitted.
 6 Does this clip depict the ElectroBlade?
 7 A. Yes.
 8 Q. Does this clip depict the ElectroBlade in operation?
 9 A. Yes.
 10 Q. You see in this clip that the return electrode is
 11 not in contact with the tissue?
 12 A. It's -- it's hard to determine exactly, because
 13 the -- the return electrode sort of wraps all the way
 14 around the front.
 15 Q. You can see the small bubbles that are emitting
 16 from the inner blade.
 17 A. Right.
 18 Q. Did you see that?
 19 A. Yes. So right there I would say it is, when he
 20 pulled it away, it probably wasn't for a short period of
 21 time, but now it is. I would say it is now. It is on
 22 the return side.
 23 Q. Okay. There certainly are times when it's not in
 24 contact with the tissue?
 25 A. I would say yes, it's possible.

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1 A. No, sir.
 2 Q. And we looked and we didn't find anything either.
 3 I suppose if there's anything in there, your counsel
 4 would bring it out on redirect.
 5 A. I'm confident that things will be found, sir.
 6 Q. You are confident. Okay. We'll see.
 7 MR. HEBERT: Could I get Claim 1 of the '882
 8 patent, please?
 9 BY MR. HEBERT:
 10 Q. Dr. Goldberg, during your deposition, you might
 11 recall we had some discussion regarding the subject of
 12 hypothetical questions.
 13 A. Yes, sir.
 14 Q. Okay. You didn't realize at that time that you
 15 might have to answer hypothetical questions; right?
 16 A. I'm prepared to answer hypothetical questions, sir.
 17 Q. You now know how that works; right?
 18 A. Yes, sir.
 19 Q. Thank you.
 20 This is Claim 1 of the '882 patent as it issued;
 21 correct?
 22 A. I believe -- yes, sir, that's correct.
 23 Q. And as it issued, the claim required an electrode
 24 terminal, a return electrode, the active electrode and an
 25 electrically conducting terminal; right?

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1 A. Those are the words in the finally printed original
 2 patent, sir.
 3 Q. Those are four different electrodes in the printed
 4 patent; right?
 5 A. At least three, sir.
 6 Q. At least three? At least three, maybe four?
 7 A. Yes, sir.
 8 Q. Okay. How many electrodes does the Saphyre product
 9 have?
 10 A. Two, sir.
 11 Q. So if the claim required at least three electrodes,
 12 there would be no infringement; right?
 13 A. If this is the final claim, that would be correct,
 14 sir.
 15 Q. Hypothetically speaking, if claim required three
 16 electrodes, or four electrodes, there would be no
 17 infringement by the Saphyre product; right?
 18 A. That's correct. Hypothetically, if there were three
 19 or four electrodes and the Saphyre only has two, it
 20 wouldn't infringe.
 21 Q. Because -- because requiring three or four electrodes
 22 is a narrower claim than requiring two electrodes; right?
 23 MR. BOBROW: Your Honor, that goes to the
 24 question of validity. That's not a question of the
 25 interpretation.

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1 THE COURT: That objection is overruled.
 2 THE WITNESS: Can you repeat the question, sir?
 3 BY MR. HEBERT:
 4 Q. Yes. Requiring three or four electrodes makes the
 5 claim narrower than requiring only two electrodes; right?
 6 A. It would make it stricter to fulfill the criteria,
 7 yes.
 8 Q. Stricter to fulfill the same as narrower?
 9 A. Yes.
 10 Q. How many electrodes does a Control RF have?
 11 A. Two, sir.
 12 Q. Okay. So hypothetically speaking, again, if this
 13 claim required three or four electrodes, then the Control
 14 RF would not infringe; right?
 15 A. Yes, sir.
 16 Q. How many electrodes does the ElectroBlade have?
 17 A. Either two or three, sir.
 18 Q. How would it have three?
 19 A. It depends on how we view the tip of the electrode.
 20 The inner portion is viewed as a separate electrode, the
 21 rotating portion from the outer portion.
 22 Q. You didn't put anything about three electrodes in
 23 your expert report regarding the ElectroBlade product, did
 24 you?
 25 A. I don't think I was asked that question before, sir.

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1 Q. Okay. So if you're limited to your expert report,
 2 your expert report says that the ElectroBlade has two
 3 electrodes, doesn't it?
 4 A. Yes, sir.
 5 Q. Okay. If the ElectroBlade has two electrodes --
 6 incidentally, you're not aware of any evidence besides
 7 this opinion you just came up with regarding the
 8 ElectroBlade possibly having three electrodes; right?
 9 A. Aside from my analysis of the probe, as I testified
 10 on Friday, no, sir.
 11 Q. Okay. You didn't testify it had three electrodes on
 12 Friday, did you?
 13 A. I thought I said that it had at least one.
 14 Q. Two is at least one, isn't it?
 15 A. Yes.
 16 Q. Okay. And your expert report says two, doesn't it?
 17 A. Let me clarify, sir. I thought I when I was talking
 18 about the active electrode that I had mentioned it had at
 19 least one active electrode.
 20 Q. If this claim required four electrodes, the
 21 ElectroBlade would not infringe; correct?
 22 A. Correct, sir.
 23 Q. If this claim required three electrodes, the
 24 ElectroBlade would not infringe; right?
 25 A. It might.

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1 Q. It might if your view of -- of what? Why would it?
 2 A. Providing an electrical terminal and a return
 3 electrode, the positioning of the active electrode that's
 4 going back to this electrode terminal in close proximity
 5 to the target tissue in the presence of an electrically
 6 conducting terminal.
 7 So it is theoretically possible if there are
 8 two active electrodes that the claim would be fulfilled.
 9 Q. Okay. So you're now asking hypotheticals of me as
 10 well; right?
 11 A. I'm not asking. I'm -- I thought my function here
 12 was to answer your questions, sir.
 13 MR. HEBERT: All right. Thank you.
 14 I don't have anything further.
 15 THE COURT: All right. Redirect.
 16 REDIRECT EXAMINATION
 17 BY MR. BOBROW:
 18 Q. Good afternoon, Dr. Goldberg.
 19 A. Good afternoon, sir.
 20 Q. I have a few questions for you in what's called a
 21 redirect examination.
 22 A. Yes, sir.
 23 Q. First of all, it was suggested during the
 24 cross-examination that I was your lawyer.
 25 Do you recall that?

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1 A. Yes, I do, sir.
 2 Q. Have I ever represented you, sir?
 3 A. No, sir, never.
 4 Q. Have I ever served as your lawyer?
 5 A. No, sir, never.
 6 Q. Have you asked me to serve as your lawyer?
 7 A. No, sir, never.
 8 Q. Fair enough.
 9 Let's move on to, there was some discussion
 10 about Radionics.
 11 Do you recall that?
 12 A. Yes, sir.
 13 Q. And I believe that there was some testimony about
 14 funding that your laboratory has received from Radionics.
 15 Do you recall that generally?
 16 A. Yes, sir.
 17 Q. Now, can you tell us what that funding that your
 18 laboratory has received goes to from Radionics?
 19 A. Well, it goes to help us study the various things
 20 that we need to know how to best treat our patients.
 21 The development of our cancer techniques has
 22 actually been a long ten-year road. We started by being
 23 able to treat tumors that were only the size of my pinky
 24 and now, over the last ten years, have moved the field to
 25 the point where we can treat tumors that are the size of

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1 let's say a peach. We're obviously hoping to get further.
 2 This took a lot of time and a lot of
 3 development and, therefore, we need the funding to pay for
 4 the equipment, the people who do this work and the like.
 5 Q. Did any of the funding that you received from
 6 Radionics go towards research related to procedures in
 7 the spine?
 8 A. In the spine? Yes, sir.
 9 Q. Okay. And what was that about?
 10 A. We were studying RF ablation in the bone and we
 11 wanted to -- to determine whether there were differences
 12 in how the energy interacted with bone from soft tissue.
 13 Q. Did any of the funding that your lab received go
 14 towards arthroscopic applications?
 15 A. No, sir.
 16 Q. Now, there was also some discussion on
 17 cross-examination about an agreement that you have with
 18 Radionics.
 19 Do you recall that?
 20 A. Yes, sir, I do.
 21 Q. And there was some discussion during the
 22 cross-examination about Smith & Nephew challenging whether
 23 you could serve as an expert witness in this case.
 24 Do you recall that?
 25 A. Yes, sir, I do.

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1 Q. Are you aware of whether Judge Robinson ruled on
 2 that question in this case?
 3 A. Well, I assume that I've put all the hours in and
 4 that I'm sitting here in front of you ladies and
 5 gentlemen today that I was allowed to serve as an expert.
 6 Q. There was also some discussion on cross-examination
 7 about the Food & Drug Administration, the FDA.
 8 A. Yes, sir.
 9 Q. And you've had some dealings with the FDA over the
 10 years; is that right?
 11 A. Yes, sir, I have.
 12 Q. Have you ever lied to the FDA?
 13 A. Never, sir.
 14 Q. Have you ever told falsehoods to the FDA?
 15 A. Absolutely not, sir.
 16 Q. Now, during the cross-examination, you had mentioned
 17 a document that had some checkmarks, I think you said it
 18 was a checklist of things to go over that was in one of
 19 the clinical evaluations.
 20 Do you recall that?
 21 A. Yes. And I'm sorry that I couldn't find it at that
 22 moment, sir.
 23 Q. Well, it is in one of your binders, I believe. Take
 24 a look at Exhibit 197, please, which has already been
 25 admitted into evidence.

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1 Q. And when you observed it, what did you see?
 2 A. I saw the probe going in and being activated with the
 3 active electrode up against either -- immediately adjacent
 4 to or touching the tissue.
 5 I saw that the return electrode was most often
 6 not in contact with the surrounding tissues. It was
 7 arthroscopy, so we know that it's an electrically
 8 conductive fluid and we saw a vapor layer. We saw this
 9 yellow glow and we saw tissue effect, treatment.
 10 Q. Now, Dr. Goldberg, in connection with your work on
 11 this matter, have you reviewed a ruling from the Court
 12 related to some motions for summary judgment that were
 13 made in this matter?
 14 A. I believe that I took a look at that once.
 15 MR. HEBERT: Objection.
 16 THE COURT: I'm not sure where you are going
 17 with this.
 18 MR. BOBROW: This has to do with the meaning
 19 of the claim that was examined on in cross-examination
 20 and was brought out in direct examination today.
 21 THE COURT: Well, the meaning of the claim is
 22 the meaning of the claim. You don't have to bring in my
 23 summary judgment opinions. I'm not quite sure where
 24 you're going with it.
 25 MR. BOBROW: Okay.

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1 MR. HEBERT: The claim construction ruling is
 2 in evidence, your Honor.
 3 THE COURT: Right. But that isn't a summary
 4 judgment ruling.
 5 BY MR. BOBROW:
 6 Q. Well, let me ask this, Dr. Goldberg.
 7 MR. BOBROW: Why don't we put up the claim
 8 construction. And let's go to Paragraph 4.
 9 MR. HEBERT: I don't believe this is the claim
 10 construction.
 11 THE COURT: No. My claim construction or
 12 orders. Not opinions.
 13 MR. BOBROW: I think it's 675.
 14 THE COURT: There you go.
 15 MR. BOBROW: And can you please highlight
 16 Paragraph 4?
 17 BY MR. BOBROW:
 18 Q. Now, Dr. Goldberg, looking at Paragraph 4, when
 19 construing the phrase, the return electrode is not in
 20 contact with the body structure, the Court said, quote,
 21 The return electrode is not to contact the body at all
 22 during the performance of the claimed method.
 23 Do you see that?
 24 A. Yes, sir.
 25 Q. Now, as far as the claimed method goes, what is

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1 your understanding of what that method relates to?
 2 A. It goes back to the preamble, the first paragraph.
 3 It's a method for applying energy to the body or a body
 4 structure, so the claim speaks as to when the device is
 5 being activated, when the high energy is being applied.
 6 Q. And, Dr. Goldberg, in your view, does this claim
 7 construction and the claim limitation require that the
 8 method be performed for a specific period of time?
 9 A. There's no mention of any time constraints whatsoever
 10 in the patent, sir.
 11 Q. And do you have, then, some understanding as to how
 12 long or how short a period of time the method is performed?
 13 A. Well, based upon Smith & Nephew's own documents, it
 14 was for a very -- for very short periods of time.
 15 Q. All right. Now, you were asked some questions in
 16 cross-examination about the '882 patent. Do you recall
 17 that?
 18 A. Yes, sir.
 19 Q. And you were shown the claim as it was originally
 20 issued; is that right?
 21 A. Yes, sir.
 22 Q. And as you understand it, has that claim been
 23 corrected by the United States Patent Office?
 24 A. Yes, sir.
 25 Q. And when you offered your opinions that the '882

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1 patent was infringed by Smith & Nephew, were you using
 2 the corrected claim language from the Patent Office or
 3 the original uncorrected language?
 4 A. The corrected version, sir.
 5 Q. Now, during the cross-examination, you were asked
 6 some questions about the ElectroBlade and whether it had
 7 two or three electrodes.
 8 Do you recall that?
 9 A. Yes, I do, sir.
 10 Q. Now, if I were to bring up to you an ElectroBlade
 11 in evidence, would you be able to explain to the ladies
 12 and gentlemen of the jury this issue with respect to the
 13 number of electrodes of the ElectroBlade?
 14 A. I can, if you wish, sir.
 15 MR. BOBROW: May I approach, your Honor?
 16 MR. HEBERT: Your Honor, we're beyond the
 17 report. There's nothing about the three electrodes.
 18 MR. BOBROW: Your Honor, this was opened I
 19 believe in cross-examination.
 20 MR. HEBERT: I didn't ask him. I mean, he --
 21 he came up with this three-electrode thing, which is not
 22 in the report at all.
 23 THE COURT: Well, the door was opened, so I
 24 will allow it.
 25 MR. BOBROW: May I approach?

1 THE COURT: Yes, you may.
 2 MR. BOBROW: Thank you.
 3 BY MR. BOBROW:
 4 Q. Dr. Goldberg, I am handing you PX-113-A, which is
 5 already in evidence (handing exhibit to the witness).
 6 This is one of the ElectroBlades.
 7 Now, if you would, please, can --
 8 MR. BOBROW: Can I ask the witness to step
 9 down in front of the jury?
 10 THE COURT: Yes.
 11 MR. BOBROW: Thank you.
 12 THE WITNESS: May I?
 13 THE COURT: Yes.
 14 (At this point the witness stepped down from the
 15 witness stand and approached the jury.)
 16 BY MR. BOBROW:
 17 Q. If you could please explain to the ladies and
 18 gentlemen of the jury this issue relating to whether
 19 there are two electrodes or three electrodes relating to
 20 the device.
 21 A. Well, the easier part, ladies and gentlemen, is this
 22 is a return electrode. That's clearly one electrode.
 23 THE COURT: And you need to speak up, Dr.
 24 Goldberg.
 25 THE WITNESS: I'm sorry, ma'am.

1 THE COURT: Thank you.
 2 THE WITNESS: The easier issue is the issue of
 3 the return electrode, because there is definitely only one.
 4 The question becomes, given the fact that the inner
 5 portion moves up and down, back and forth, right side and
 6 outside, and the fact that it can be at times separate
 7 from the other portion as to whether or not it represents
 8 one or two.
 9 So there's a question as to whether or not
 10 it's one or two and there are many systems where we have
 11 electrodes that sometimes are very close together that
 12 function.
 13 MR. BOBROW: Thank you, Dr. Goldberg. You
 14 can re-take the stand.
 15 (At this point the witness then resumed the
 16 witness stand.)
 17 BY MR. BOBROW:
 18 Q. Now, I'm putting up, Dr. Goldberg, the language of
 19 Claim 1 of the '592 patent, which you were asked questions
 20 about last Friday.
 21 Do you recall that?
 22 A. I remember that, sir.
 23 Q. And there has been a fair amount of discussion
 24 about the language in this claim, where it says the return
 25 electrode is not in contact with the body structure.

1 Do you see the language that I'm referring to
 2 there?
 3 A. Yes, I do see that.
 4 Q. Now, in connection with the use of the Saphyre --
 5 THE COURT: Oh, I'm sorry. Was there --
 6 MR. HEBERT: I didn't know if he was going to
 7 approach and use the chart, your Honor. I was just asking
 8 permission to go to that side of the room.
 9 THE COURT: You can move wherever you want to
 10 make sure you can see what's going on.
 11 MR. HEBERT: Thank you.
 12 MR. BOBROW: Thank you.
 13 BY MR. BOBROW:
 14 Q. And, Dr. Goldberg, in your view, is there any
 15 substantial difference between this language here, this
 16 not in contact with the body structure language, in
 17 Claim 1 --
 18 MR. HEBERT: Objection. This is the issue I
 19 raised.
 20 THE COURT: Yes.
 21 MR. HEBERT: This is that issue I raised, your
 22 Honor, that I thought they --
 23 THE COURT: Okay. If it's going to be raised
 24 at this point, then there will be recross on this issue,
 25 because it's not appropriate to -- I mean, I'm not quite

1 sure --
 2 MR. HEBERT: It was --
 3 MR. BOBROW: Your Honor, I believe that it was
 4 raised -- the issue of tissue contact was clearly raised
 5 in the cross-examination.
 6 THE COURT: Of course, it was. It's one of
 7 the claim elements.
 8 MR. BOBROW: Right. So now I'd like to ask Dr.
 9 Goldberg about that language and whether the use of the
 10 Saphyre is insubstantially different.
 11 THE COURT: All right.
 12 MR. HEBERT: They had that burden. They didn't
 13 introduce --
 14 THE COURT: All right. I think, you know, I
 15 hate to let the jury go, but I think this was an issue
 16 that -- this is an issue we need to address and I don't
 17 like sidebars, so I'm going to let the jury step out for
 18 a few minutes while we discuss the issue.
 19 (At this point the jury was excused for a
 20 short recess and the following occurred without the
 21 presence of the jury.)
 22 THE COURT: And I need the transcript that, Mr.
 23 Bobrow, you referred to.
 24 Dr. Goldberg, you may step down.
 25 THE WITNESS: Thank you, ma'am.

1 (Witness temporarily excused).
 2 MR. HEBERT: Could the doctor be excluded from
 3 the courtroom for this?
 4 THE COURT: Yes, please.
 5 (At this point Dr. Goldberg then left the
 6 courtroom.)
 7 THE COURT: I can't believe I asked you to
 8 save your doctrine of equivalents argument for redirect.
 9 MR. HEBERT: There's nothing in it. We
 10 checked. There's nothing in there about that.
 11 THE COURT: All right.
 12 (Pause.)
 13 MR. BOBROW: Your Honor, may I address the
 14 issue?
 15 THE COURT: Yes, you may.
 16 MR. BOBROW: Thank you.
 17 I'm looking at Page 430 of the transcript.
 18 This was from the proceedings on Friday. And I was asking
 19 Dr. Goldberg about Claim 4 of the '592 patent, which had a
 20 limitation in it about delivering fluid.
 21 It was my understanding from the reports and
 22 everything else in the case that Smith & Nephew was
 23 arguing that that limitation was not satisfied. Dr.
 24 Goldberg said it was and I was going to ask him some
 25 questions about the doctrine of equivalents and whether

1 or not the delivering limitation was met by equivalents.
 2 And at that point, Mr. Hebert objected and you
 3 said that you weren't sure where this was going and we're
 4 interested in his opinion because I had basically said you
 5 were aware of Smith & Nephew's argument about this and how
 6 fluid wasn't delivered.
 7 And then you said, well, it could be that we
 8 need to wait until redirect for you to cover that ground,
 9 make sure Smith & Nephew covers it. Why don't we do that.
 10 THE COURT: That was Claim 4; right?
 11 MR. BOBROW: Yes.
 12 THE COURT: And we're talking about Claim 17
 13 MR. BOBROW: Right. I had understood that
 14 your Honor had wanted me to address the issues in redirect
 15 that Smith & Nephew actually covered with Dr. Goldberg in
 16 his examination.
 17 THE COURT: Now, that's ridiculous. I mean,
 18 it's your burden to prove infringement, either literally
 19 or by the doctrine of equivalents. You don't wait for
 20 redirect to present a major part of your case.
 21 Now, if you misunderstood me -- and I can't
 22 believe that you did -- that's fine, but then there will
 23 be recross on that issue and there will be no recross.
 24 I don't know where we're going.
 25 MR. HEBERT: Your Honor, not only is the

1 doctrine of equivalents not addressed or raised anywhere
 2 in this transcript, I stay completely away from the fluid
 3 supply stuff on my cross of Dr. Goldberg. I didn't ask a
 4 single question about that. So it's well beyond the scope
 5 of my cross as well.
 6 THE COURT: Mr. Bobrow, I think you missed the
 7 boat on this.
 8 MR. BOBROW: Your Honor, I wasn't intending to
 9 ask questions about system. On this point he was asked
 10 about not in contact and I would like to ask Dr. Goldberg
 11 for his opinions on whether or not that's substantially
 12 the same or different.
 13 THE COURT: But the doctrine -- infringement
 14 is your burden. There was -- you should have brought that
 15 up on your direct examination, literal infringement,
 16 doctrine -- infringement by equivalents.
 17 You don't wait for redirect to do your doctrine
 18 of equivalents examination. You just don't do it. I just
 19 don't understand how you could think that's appropriate.
 20 I mean, you had -- so --
 21 MR. BOBROW: Your Honor, again, the reason
 22 was that I understood you to ask me to be moving on from
 23 that subject and that I would cover it in redirect.
 24 THE COURT: Well, that subject was one
 25 particular claim and one particular limitation. It wasn't

1 the limitation we're talking about.
 2 MR. BOBROW: Yes. But if I had come back and
 3 then said to Dr. Goldberg that he -- was he aware that
 4 Smith & Nephew was arguing that there was no in contact
 5 limitation, I'm sure I would have faced the same issue.
 6 THE COURT: I mean this just makes no sense
 7 to me. That is nonsensical and I can't believe that you
 8 could interpret that issue in such a broad fashion.
 9 It's always your burden to prove equivalents
 10 and I didn't think that that...
 11 Was equivalents covered in his report?
 12 MR. BOBROW: Yes, it was, your Honor.
 13 MR. HEBERT: There were certain -- there were
 14 many limitations in which it wasn't. There are some, I
 15 believe, in which it was.
 16 THE COURT: Well, let's see if this one
 17 specifically was. But there will be recross, because this
 18 is not the way you conduct your examination on issues for
 19 which you have the burden of proof. You do not wait for
 20 redirect. And if you had any doubts about that, we should
 21 have addressed it.
 22 MR. HEBERT: Okay. Which claim does he want
 23 to ask about?
 24 THE COURT: I take it Claim 1, second
 25 limitation. Is that what we're talking about? '592 patent.

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<p>1 MR. BOBROW: '592 patent. 2 (Pause.) 3 MR. HEBERT: Is this the second limitation? 4 THE COURT: Well, it's the in contact with 5 limitation. 6 ... 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p>	<p>1 infringement of these claims under the doctrine of 2 equivalents. 3 MR. HEBERT: It's just infringement of doctrine 4 of equivalents. A whole list of claims. 5 THE COURT: There's got to be an analysis. 6 There has to be an analysis about this claim under the 7 doctrine of equivalents, something specific to this claim. 8 He cannot just say it's infringed literally and under the 9 doctrine of equivalents. That is meaningless, or it's 10 covered in his deposition. I mean as long as it's covered 11 in discovery, I am happy -- I'm not happy, but I will 12 allow it on redirect. 13 MR. BOBROW: Your Honor, he was cross-examined 14 on this and with respect to this limitation about 15 positioning the return electrode that's not in contact 16 with the body structure and the like, he does say, 17 nonetheless, return electrode meets Smith & Nephew's 18 definition literally and equivalently because it's 19 connected to proximal power source by an individual 20 insulating conductor and the like. He does talk about 21 the return electrode. 22 MR. HEBERT: Is that in his deposition? 23 THE COURT: I guess you need to identify that. 24 MR. BOBROW: This is Page 38 of his report. 25 He also says in the report, relating to that</p>
Page 1138	Page 1140
<p>1 2 MR. BOBROW: Your Honor, in Dr. Goldberg's 3 report, at the beginning of the report, he outlines his 4 opinions both literally and under the doctrine of 5 equivalents. 6 Then, when this issue was raised more 7 specifically in connection with the motion practice in 8 this matter, Dr. Goldberg submitted a declaration to the 9 Court. That declaration was submitted on March 18, 2003. 10 And then that -- and in that declaration he did address 11 this issue of the whole question under Claim 47 of the 12 '536 patent, Claim 1 of the '592 and Claim 23 of the 13 '592, about all of this language, about not in contact and 14 spaced away and the like. 15 And at that time he did offer an opinion on 16 the subject of equivalents. 17 THE COURT: But that was after discovery. 18 There was no examination of him on that issue, a 19 declaration for summary judgment is not the same as having 20 it in his report and subject to deposition and cross- 21 examination. So if you are telling me that it wasn't 22 addressed through the discovery process, then I'm telling 23 you it's certainly not appropriate for redirect. 24 MR. BOBROW: Your Honor, as I mentioned, there 25 is a discussion in his report about equivalents and</p>	<p>1 specific limitation, that a person having ordinary skill 2 would understand during surgery the electrode would 3 occasionally come in contact with the tissue and that 4 Smith & Nephew recognized that specifically in their IFU's. 5 MR. HEBERT: The first reference that Mr. 6 Bobrow raised was with regard to what a return electrode 7 is. He did say that we were -- if he did say we are right 8 on what a return electrode is, he thinks it's equivalent. 9 That's not what we're talking about. That's not the 10 definition of return electrode. 11 THE COURT: I need to look at the report. 12 Is there something else you want to address 13 with Dr. Goldberg while I look at this report or should 14 we just keep the jury out until I look at the report and 15 any deposition testimony that covers the issue? 16 MR. BOBROW: Your Honor, this is the issue 17 that I wanted to cover with Dr. Goldberg. I can hand up 18 the report, if you'd like. 19 THE COURT: All right. 20 (Mr. Bobrow handed documents to the Court.) 21 MR. BOBROW: And there are similar charts for 22 the other claims, Claim 23 of the '592 patent and Claim 23 45 and 47 of the '536 patent. 24 THE COURT: Well, the only claim that was 25 addressed in cross was this claim; right?</p>

1 MR. BOBROW: Well, I believe that the whole
2 subject of tissue contact by the return electrode was
3 covered in cross-examination.
4 MR. HEBERT: But that's just this claim.
5 MR. BOBROW: No. I think there are other
6 claims. One of them turns about the return being spaced
7 away.
8 THE COURT: Well, are you going to go through
9 all those other claims or just this claim? I want to
10 know what the -- what you intend the scope of your
11 redirect to be.
12 MR. BOBROW: Claim 1 of the '592 patent and
13 the language about not in contact. Claim 23 and the
14 language about it being spaced away from the tissue,
15 return being spaced away. And Claim 47, which talks
16 about minimizing tissue contact.
17 THE COURT: With all the paper I have --
18 MR. HEBERT: I didn't ask any questions about
19 spacing away or minimizing.
20 THE COURT: All right. So the other two are
21 out anyway.
22 All right.
23 MR. BOBROW: But, your Honor, that is the same
24 issue. You interpreted the claim language for spaced away
25 and the other not in contact to be the same. That was why

1 I was going to go through the other claims.
2 THE COURT: But you are talking about the scope
3 of the cross. You made a decision to save this, rightly or
4 wrongly, and so at the very least, the scope of your
5 redirect is confined to the scope of the cross.
6 So that's what I said and that's what I mean.
7 (Pause.)
8 THE COURT: Okay. Well, this claim language,
9 I mean this explanation of claim language has nothing to
10 do, does not mention the doctrine of equivalents. I'm
11 not quite sure where that gets me.
12 (Pause.)
13 THE COURT: So, really, these claim chart things
14 are his opinion?
15 MR. BOBROW: Your Honor, he gives a summary of
16 his opinion at the beginning and then he goes through the
17 details of that analysis.
18 MR. HEBERT: The summary is just a conclusory
19 part.
20 THE COURT: I don't even see the conclusory
21 part. What page on his report is that?
22 MR. BOBROW: Your Honor, you have my copy. I
23 might be able to find it for you.
24 THE COURT: Oh. Well, I don't have the energy
25 to hand this heavy thing back to you, so someone else find

1 it.
2 MR. HEBERT: The conclusory part, your Honor,
3 is on page 21.
4 THE COURT: It's hardly at the beginning of the
5 report.
6 MR. HEBERT: It's a description of what's going
7 on.
8 THE COURT: I've just glanced at it.
9 MR. HEBERT: It's just a summary of the claims.
10 (Pause.)
11 THE COURT: Anything in the deposition you've
12 found?
13 MR. HEBERT: I believe the deposition was
14 primarily --
15 THE COURT: What's that?
16 MR. HEBERT: I believe that the deposition --
17 my best recollection, your Honor, is that the deposition
18 related primarily to invalidity issues.
19 THE COURT: All right. I'm going to take
20 five minutes and I will be back with a decision.
21 (Short recess taken.)
22 ...
23
24
25

1
2 (Court resumed after the recess, and the
3 following occurred without the presence of the jury.)
4
5 THE COURT: Okay. What I've decided is that
6 if I had -- if it had been approached, if I had been
7 approached, I probably would not have let this evidence
8 on direct because, as far as I'm concerned, the
9 equivalence analysis in the expert report was totally
10 lacking. An analysis is not, it infringes by the doctrine
11 of equivalents. That's not an appropriate analysis and it
12 wasn't addressed in the deposition -- in discovery.
13 So given the fact that it was -- would have
14 been inappropriately admitted in direct, it's certainly
15 inappropriate to admit it in redirect. So the evidence
16 is out. We may take that down.
17 And if you have any other questions for Dr.
18 Goldberg, you may bring him in. Otherwise, we can just
19 end his testimony right now.
20 MR. BOBROW: That's what we'll do, your Honor.
21 THE COURT: All right.
22 (Witness excused)
23 ...
24 MS. BOYD: Your Honor -- I'm sorry. While the
25 jury is out, the next thing that we were planning to do

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1 "Question: What do you recall in that regard?
 2 "Answer: Samples were submitted.
 3 "Question: What was done with the samples?
 4 "Answer: I don't have specific information on
 5 that.
 6 "Question: Do you know if they were given to
 7 the engineers within S&N for purposes of testing or
 8 evaluation?
 9 "Answer: I know that I received them and I
 10 gave them to engineering."
 11 MS. JACOBS-LOUDEN: Thank you, ladies and
 12 gentlemen.
 13 (Pause.)
 14 MR. JOHNSTON: Your Honor, before we begin
 15 reading, we have to clarify that one issue we brought up
 16 during a break.
 17 THE COURT: Yes. And I believe it is
 18 appropriate as a phrase and it's a person of ordinary skill
 19 in the art. It's not really a patent interpretation issue
 20 as far as I'm concerned, so it can go in.
 21 MR. JOHNSTON: Thank you, your Honor.
 22 MR. MARSDEN: Your Honor, one other issue.
 23 The evidence has been coming in in bits and pieces. To
 24 the extent that was the close of plaintiffs evidence,
 25 we'd move under Rule 50.

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1 THE COURT: All right. Well, I reserve
 2 judgment on that.
 3 All right. We have more depositions to be
 4 read by Smith & Nephew now?
 5 MR. JOHNSTON: Yes, your Honor.
 6 THE COURT: All right.
 7 MR. JOHNSTON: Good afternoon again.
 8 We're going to read in our last deposition
 9 today. We would be reading in the deposition testimony
 10 of Dr. Hira Thapliyal, one of the inventors of the patents
 11 in suit and a founder of ArthroCare.
 12 Helping me today is my colleague, E. J.
 13 Joswick.
 14 MR. JOHNSTON: "Question: Tell me about the
 15 first of those experiments that you did.
 16 "Answer: I remember getting a miniscus from
 17 the slaughterhouse, which is actually in Los Banos
 18 (phonetic). So I drove three hours with my family to get
 19 it, came back home I was a cow miniscus and then
 20 energized the -- a prototype I had made. And then used
 21 the electrode against the miniscus tissue. And then I
 22 could observe that it was, in fact, removing tissue in
 23 that early experiment. Prototype experiment that we had.
 24 "Question: How was that prototype that you
 25 made configured?

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1 "Answer: I believe it was just one wire, which
 2 was insulated. A single wire, single electrode. And then
 3 it was connected to a power supply, RF power supply and I
 4 had the return electrode sitting in that same bath of
 5 saline where miniscus tissue was.
 6 "Question: The bath of saline, was that a
 7 beaker or a dish?
 8 ...
 9 A. It was a dish.
 10 Q. Like a petri dish.
 11 A. Yeah. I think you could call it a petri dish. It was
 12 a fairly large dish.
 13 Q. What shape was the return electrode?
 14 A. The return electrode was aluminum, a piece of
 15 aluminum folded into an alligator shape with a wire
 16 attached to it and connected to the RF power supply.
 17 ...
 18
 19
 20
 21
 22
 23
 24
 25

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1
 2 "Question: Do you know, in that experiment, were
 3 you using a sine wave?
 4 "Answer: I believe it was a sine wave, yes.
 5 "Question: Do you know what voltage or voltages
 6 you applied?
 7 "Answer: My recollection is they were like 60,
 8 80, 100 volts, RMS value.
 9 "Question: Okay. And the return electrode,
 10 was that at the bottom of the dish?
 11 "Answer: Aluminum foil. Yes. It would sink to
 12 the bottom.
 13 "Question: Okay. Was the cow miniscus on top
 14 of that?
 15 "Answer: No. It was not on top of the
 16 miniscus. The miniscus was on the side of the dish. Then
 17 in the middle or sort of to the side was the cow miniscus.
 18 And then I was using the electrode to look at the effect
 19 on the cow miniscus. I was using the electrode to affect
 20 the tissue of the cow miniscus.
 21 "Question: So the return electrode, if I
 22 understand you correctly, was on one side of the dish,
 23 and the cow miniscus was on the other side of the dish?
 24 "Answer: Next to the return electrode.
 25 "Question: Next to it? Were they contacting

1 "Question: Were there any differences between
2 that prototype and the one that you used in your first
3 experiment?
4 "Answer: Essentially none.
5 "Question: Were you surprised by the glow?
6 "Answer: No. I would not say I was surprised.
7 "Question: Okay.
8 "Answer: Observation.
9 "Question: Okay. Why weren't you surprised?
10 "Answer: I don't know why I was not surprised.
11 "Question: Did you expect inform see a glow?
12 "Answer: We knew that electrosurgery creates
13 an arc and when we saw the glow, we thought it was some
14 form of -- some manifestation of the arc phenomenon.
15 "Question: What is a manifestation of the
16 arc phenomenon?
17 "Answer: That's what I would expect to see
18 in electrosurgery.
19 "Question: The glow that you saw, was it a
20 manifestation of the arc phenomenon?
21 "Answer: You asked me earlier what the
22 expectation was. That was the expectation. Whether the
23 glow was itself manifestation, I do not know. At that time
24 I did not know.
25 "Question: Well, what is your answer today?

1 "Answer: Answer is it is very different than
2 the conventional arc of electrosurgery.
3 "Question: Okay. In what way is it different?
4 "Answer: It's my understanding -- my
5 understanding is that it is formed in saline medium. It
6 is formed at lower voltages and it contains photons,
7 ionized species and electrons and it's in a vapor state.
8 "Question: So is the -- so your answer to
9 the question is conventional arc, electrosurgical capable
10 of being formed in a saline medium is no?
11 "Answer: My understanding of that phenomenon
12 is that conventional arc, I would -- I've personally not
13 seen a conventional arc in saline. I have seen
14 conventional arc in a medium, another medium, but not in
15 saline.
16 "Question: Well, do you have any reason to
17 think that a conventional arc is not being capable of
18 being formed in saline?
19 "Answer: Well, based on physics, if you have
20 high enough voltage, you can always create an arc.
21 "Question: Why do you think you hadn't
22 observed a glow with your apparatus before that time?
23 "Answer: As I explained, answered this
24 question earlier is, when I did the experiment, a lot of
25 bubbles were created, so I could not see the tip of the

1 electrode against the tissue. So I did not look for it.
2 I did not see it.
3 "Question: Were bubbles produced this time
4 when you saw the glow?
5 "Answer: Yes, they were.
6 "Question: Then I guess I don't understand
7 your answer. Why did you see the glow this time and not
8 see it any other time before?
9 "Answer: Yes. I'll be happy to explain that.
10 "Question: Okay.
11 "Answer: In order to see the action of the
12 electrode on the tissue, someone, I do not recall who, was
13 moving the bubbles away from the field of view so then you
14 could see what was being done with the electrode against
15 tissue. And that's when we saw the glow.
16 "Question: I will represent to you, this is --
17 this exhibit, DTX-321, is the file wrapper of the Roos
18 '198 patent that we're looking at.
19 "Okay. If you could turn, please, to its --
20 maybe four-fifths of the way through this, it's a page
21 that has got number on the bottom right SNN3708.
22 "Answer: I have it."
23 MR. JOHNSTON: I move the admission of.
24 DTX-321.
25 MS. JACOBS-LOUDEN: No objection.

1 THE COURT: Thank you.
2 *** (Defendant's Exhibit No. 321 was received into
3 evidence.)
4 MR. JOHNSTON: "Question: Okay. If you could
5 direct your attention to the first full paragraph that
6 starts off, Thirdly...
7 "Answer: Correct.
8 "Question: If you could read that paragraph
9 to yourself, please, and tell me when you're done...
10 "Answer: Yes, I've read it.
11 "Question: Okay. And do you understand that
12 the fluid that would conduct electrical current just as
13 tissue fluid and tissue of the human body is an electrically
14 conducting fluid?
15 "Answer: It says the washing fluid would
16 conduct electrical current just as the tissue fluid and the
17 tissue itself of the human body. That's what I understand
18 it's saying. That's what it says.
19 "So because I do not see any discussion of
20 electrically conducting liquid.
21 "Question: Would that washing fluid be
22 conducting fluid?
23 "Answer: It's conducting electricity, so
24 I'm still unclear what you mean by electrically
25 conducting fluid. As I said earlier, virtually any fluid

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1 can be electrically conducting.
 2 "Question: Based on your understanding of
 3 the term electrically conducting fluid, is the washing
 4 fluid that's described here an electrically conducting
 5 fluid?
 6 "Answer: In the context of what I said
 7 earlier, yes, it would be electrically conducting fluid,
 8 meaning a fluid that conducts electricity.
 9 "Question: The ArthroCare System 970, do
 10 think of those ArthroWands have more than one active
 11 electrode?
 12 "Answer: Yes, they do.
 13 "Question: Do any of them have only a single
 14 active electrode?
 15 "Answer: My recollection is when we released
 16 the 970, it did not have a single electrode device.
 17 "Question: Okay. At any point in time, did
 18 you -- was there an ArthroWand for use with the ArthroCare
 19 970 that had only a single active electrode?
 20 "Answer: I do not know the answer.
 21 "Question: How about for the 980?
 22 "Answer: I do not know the answer.
 23 "Question: Okay. Why do all the ArthroWands
 24 that you know of have more than one active electrode?
 25 "Answer: We believed that the multi-electrode

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1 system would be more effective and more practical to perform
 2 surgery.
 3 "Question: Than a single electrode system?
 4 "Answer: Correct.
 5 "Question: And why is that?
 6 "Answer: It mainly pertains to the size. A
 7 single electrode is a small, tiny electrode and would
 8 be -- would be there forever trying to create surgery.
 9 So you would use a bunch of those single
 10 electrodes, a bundle of those so it will cover a larger
 11 area in the tissue, and thereby perform surgery more
 12 effectively.
 13 "Question: Why couldn't you just make the
 14 single electrode bigger?
 15 "Answer: I suppose you could, but then the
 16 voltage and power and current requirement would be very
 17 different and in my view, it could be impractical to
 18 build that kind of system.
 19 "Question: Okay. I understood you to say
 20 that you considered it impractical to make a device with
 21 a single active electrode because the required voltage
 22 would have to be very high.
 23 "Answer: Yes, I did say that. It was in the
 24 context of performing equivalently to a multi-electrode
 25 device.

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1 "Question: If you could turn, please, to Tab
 2 10 of DTX-376-B. I'm sorry. Tab 14.
 3 "Answer: 14.
 4 "Question: Do you recognize this?
 5 "Answer: Yes, I recognize it.
 6 "Question: What is it?
 7 "Answer: It looks like a note from me to Phil.
 8 "Question: And what does it describe?
 9 "Answer: It describes a number of things:
 10 Experimental setup, some actual experimental results and
 11 a scheme to provide power to individual electrodes.
 12 "Question: Is this an experimental setup that
 13 you created?
 14 "Answer: Yes, I did.
 15 "Question: And where did you do this?
 16 "Answer: This, at that time, was done -- we
 17 had rented offices in Los Altos. It was done in that
 18 office."
 19 MR. JOHNSTON: Your Honor, I move the admission
 20 of DTX-376-B into evidence.
 21 MS. JACOBS-LOUDEN: No objections.
 22 THE COURT: Thank you.
 23 *** (Defendant's Exhibit No. 376-B was received
 24 into evidence.)
 25 MR. JOHNSTON: "Question: Okay. Did you work --

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1 with anyone else to make this experimental setup?
 2 "Answer: No, I did not.
 3 "Question: Okay. Was this different from the
 4 very first experiment setup that you had?
 5 "Answer: You're referring to the figure on
 6 page --
 7 "Question: That's right.
 8 "Answer: 30306?
 9 "Question: Well, the experimental setup
 10 described in Tab 14 of this exhibit.
 11 "Answer: Yes.
 12 "Question: Is it different from the very
 13 first experimental setup that you made to ablate tissue?
 14 "Answer: It is different than the very first
 15 one I did, yes.
 16 "Question: Okay. How is this different from
 17 the very first experimental setup that you had?
 18 "Answer: The main difference is that this is
 19 multi-electrode setup and my initial experiment was a
 20 single electrode.
 21 "Question: When you say multi-electrodes, you
 22 mean multiple active electrodes; is that right?
 23 "Answer: Correct. Multiple active electrodes.
 24 "Question: Were there any other differences
 25 between this setup and the very first experimental setup

1 were used in angioplasty means have the purpose and
2 function of limiting current to each electrode.
3 Similarly, that need was seen in arthroscopy applications,
4 so we just used the idea because the end need was similar.

5 "Question: And what is that end need?

6 "Answer: The end need in angioplasty
7 application is to work on the tissue inside the artery.
8 The end need in arthroscopic application is work in the
9 tissue of the joint. So we are working on tissues. The
10 end need is similar, so extending the ballasting idea
11 from angioplasty to arthroscopy seemed like the extension,
12 the natural extension."

13 MR. JOHNSTON: That is all we have. Thank
14 you very much, ladies and gentlemen.

15 THE COURT: All right. Ladies and gentlemen,
16 let's take a 15-minute afternoon break and then we'll
17 conclude with whatever testimony that counsel have.

18 (At this point the jury was excused for a short
19 recess.)

20 THE COURT: All right. 15 minutes.
21 (Short recess taken.)
22 ---
23 ---
24 ---
25

1
2 (Court resumed after the recess.)
3

4 THE COURT: Can we bring our jury in?

5 MR. MARSDEN: I'm not sure what your preference
6 is in admitting the exhibits outside the jury or outside
7 the presence of the jury or in front of the jury. I moved
8 some exhibits that Mr. Blumenfeld didn't have an
9 opportunity to review. He has reviewed them and does
10 not have an objection.

11 THE COURT: Let's bring the jury in because if
12 we're going to finish early, this is a long day for them
13 and we can do that at the end of the day.

14 MR. MARSDEN: We can do that outside the
15 presence of the jury?

16 THE COURT: Yes. I don't think your reading
17 off numbers is going to make a big impression on them.

18 (At this point the jury entered the courtroom
19 and took their seats in the box.)

20 THE COURT: Mr. Marsden?

21 MR. MARSDEN: Thank you, your Honor.

22 Ladies and gentlemen of the jury, we next call
23 Dr. Kenneth B. Taylor.
24 ---
25

DEFENDANT'S TESTIMONY CONTINUED

1 ... KENNETH BOYLE TAYLOR, having
2 been duly sworn as a witness, was examined
3 and testified as follows ...
4

5 MR. MARSDEN: Ladies and gentlemen of the jury,
6 Dr. Taylor is not a medical doctor, but he has a Ph.D. in
7 biomedical engineering. We are calling him as an expert
8 in the design and use of electrosurgical systems. He will
9 be offering opinions on the issues of infringement and
10 invalidity and he'll be explaining the basis for his
11 opinions.

DIRECT EXAMINATION

12 BY MR. MARSDEN:

13 Q. Good afternoon, Dr. Taylor.

14 A. Good afternoon.

15 Q. Could you introduce yourself to the jury, please?

16 A. Sure. Hi. High name is Ken Taylor. Good to meet
17 you all.

18 Q. Dr. Taylor, where do you live?

19 A. I live in Broomfield, Colorado.

20 Q. Are you married?

21 A. Yes, I am.

22 Q. Do you have any children?

23 A. I have one son.

24 Q. How long have you been married?
25

1 A. I've been married 30 years.

2 Q. How old is your son?

3 A. He's 23.

4 Q. Do you have any experience or training in
5 electrosurgery?

6 A. One might say so, yes.

7 Q. Have you prepared a resume that outlines your
8 educational and work experience?

9 A. Yes, I have.

10 Q. Could I ask you to turn to DTX-418 in the binder
11 that you have in front of you?

12 A. Yes.

13 Q. Does that show your experience or training in
14 electrosurgery?

15 A. Yes, it does.

16 Q. Can you describe your educational background for the
17 jury?

18 A. Sure. I have a B.S. in electrical engineering from
19 the University of Connecticut. I have a Master's degree
20 in biomedical engineering as well as a Ph.D. in biomedical
21 engineering, also from the University of Connecticut.

22 And I have an MBA from Rensselaer Polytechnic Institute.

23 Q. Did you work while you were pursuing your graduate
24 degrees?

25 A. Yes. Once I got my B.S. degree, I worked

1 A. It doesn't infringe because it doesn't have four
2 electrodes.
3 Q. How many electrodes does it have?
4 A. It has two.
5 Q. Again, using the same assumption about the
6 certificate of correction, have you reached a conclusion
7 as to whether the Control RF product infringes Claims 17
8 and 54 of the '882 patent?
9 A. Yes, I have.
10 Q. What is that opinion?
11 A. That it does not infringe.
12 Q. Why not?
13 A. It only has two electrodes instead of the four
14 required by the patent, or the claim.
15 Q. Okay. I think we're ready to move on to the '592
16 patent.
17 A. All right.
18 Q. Can you describe briefly for the jury what the '592
19 patent is about?
20 A. Once again, the -- the '592 patent is a method
21 patent. It's a -- basically, a patent that describes the
22 process for doing something. And it's a method patents
23 applying electrical energy to a target site on the body
24 while you're spacing away or not allowing the contact,
25 the return electrode to the body.

1 Q. I'm sorry. Before I launch into the '592, I did
2 want to ask you one other question about the '882. Does
3 Dr. Goldberg dispute that the Saphyre and the Control RF
4 have only two electrodes?
5 A. I don't believe so, no.
6 Q. So that your real dispute over the '882 patent in
7 infringement is over whether or not the certificate of
8 correction is valid or not?
9 A. That's correct.
10 Q. And if it is valid, then it would require only two;
11 is that right?
12 A. Yes. However, there is, I think there's an issue in
13 that. If it only has two, then there would be a lot of
14 other products that infringe.
15 Q. Okay. Well, we'll talk about that when we get to
16 the invalidity portion of the case.
17 A. Okay.
18 Q. Probably tomorrow, at the pace we're going.
19 Let's turn back now to the '592 patent.
20 Have you prepared a slide to assist you in
21 explaining to the jury the opinions you've reached on
22 the '592 patent?
23 A. Yes, I have.
24 MR. MARSDEN: Could we call up DDTX-450, please?
25

1 BY MR. MARSDEN:
2 Q. Can you tell the jury which claims of the '592
3 patent are asserted against the Smith & Nephew products?
4 A. Well, there are two sets of claims. One set is
5 shown here on the right, right-hand side, which are
6 Claims 3, 4, 11 and 21. And as shown here, they're all
7 dependent on Claim 1.
8 Q. Okay. Now, in this case, has ArthroCare also
9 asserted the independent Claim 1?
10 A. I don't believe so.
11 Q. All right.
12 A. I could be wrong. I have to admit, there have been
13 so many claim changes during the course of this particular
14 case that it's hard to keep track.
15 Q. Okay. In any event, as you know from the testimony
16 on the '882 and the '536, you need to look at Claim 1 in
17 any event; correct?
18 A. Right. You do.
19 Q. All right. And have you reviewed Claim 1 and the
20 dependent claims? First of all, can you tell the jury
21 again how you know Claims 3, 4, 11 and 21 are dependent
22 claims?
23 A. Once again, they start off with the method of Claim
24 1 in both Claims 3, 4, 11 and 21.
25 Q. And how did you go about analyzing whether Smith &

1 Nephew's products infringed any of these asserted claims?
2 A. Once again, I started off with the independent
3 claim and looked at whether or not the Smith & Nephew
4 products meet all of the elements of the independent
5 Claim 1 and it does not or they do not.
6 Q. What element did they not meet?
7 A. They do not meet the highlighted element, which is
8 positioning a return electrode within the electrically
9 conducting fluid such that the return electrode is not
10 in contact with the body structure.
11 Q. Did you also consider the Court's claim construction
12 in evaluating whether or not the '592 patent is infringed?
13 A. Yes, I did.
14 MR. MARSDEN: Gary, can we call up the Court's
15 claim construction, please, and specifically the Court's
16 claim construction of these terms. And that's PTX-675 at
17 Paragraph 4, I believe.
18 BY MR. MARSDEN:
19 Q. Did you use the Court's definition as set forth here
20 in PTX-975 in determining whether or not the accused
21 products infringe the '592 patent?
22 A. Yes, I did. And basically I looked at the
23 highlighted sentence there: Claim limitation. The return
24 electrode is not in contact with the body structure is
25 clear -- the return electrode is not to contact the body

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1 at all during the performance of the claimed method.
 2 And my interpretation and analysis would
 3 indicate that the products in suit here do contact the
 4 body during the course of the claim method.
 5 Q. How did you determine that?
 6 A. Based on the video, actually, based on my own
 7 personal experience, but also on the videos, training
 8 videos that were produced to me.
 9 Q. What do you mean by your own personal experience?
 10 A. Well, I had the opportunity to play with, I shouldn't
 11 say play -- for an engineer, it's play. Experiments with
 12 the cadaver shoulders at Smith & Nephew and had an
 13 opportunity to use the devices in a cadaver shoulder, and
 14 it was obvious that it would be very difficult to perform
 15 these procedures without contacting, having the return
 16 electrode contact the body structures at some point
 17 during the course of the procedure.
 18 Q. Did you also review videos that Smith & Nephew has
 19 prepared to train its sales force?
 20 A. Yes, I did. I looked at the training videos and
 21 those training videos actually are conducted by people
 22 that know what they're doing in terms of arthroscopy.
 23 And there -- it was obvious that during the course of
 24 those training videos, that the return electrode was
 25 contacting tissue during the course of the procedure.

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1 Q. Now, I believe through the course of the trial we've
 2 actually seen several of those videos and I believe we've
 3 already seen videos of the Saphyre and the ElectroBlade
 4 in operation.
 5 Do you recall that?
 6 A. Yes, I do.
 7 Q. But do you know whether the jury has seen a video
 8 yet of the Control RF product in operation?
 9 A. To my knowledge, they have not.
 10 Q. Okay. And did you consider the video or a video of
 11 the Control RF product in operation in determining whether
 12 or not there was infringement of the claims of the '592
 13 patent?
 14 A. Yes, I did.
 15 Q. Okay. And do you have a clip to show the jury?
 16 A. Yes.
 17 Q. Okay. Was this a video that was prepared again by
 18 Smith & Nephew to train its sales force on how this
 19 product would be used?
 20 A. Yes, it was.
 21 Q. Okay.
 22 MR. MARSDEN: Gary, can we play DTX-897,
 23 please?
 24 BY MR. MARSDEN:
 25 Q. Dr. Taylor, if you would go ahead and describe for

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1 the jury what we're seeing.
 2 A. Okay.
 3 (Pause.)
 4 (Video played.)
 5 THE WITNESS: What you can see here is the
 6 Control RF, the active electrode is somewhat buried in
 7 the tissue, but the return electrode is obviously
 8 touching -- touching tissue at various points during the
 9 procedure. Actually, it's obscured here, but -- in
 10 essence, the return electrode is contacting tissue during
 11 a large portion of the procedure, right there (indicating).
 12 MR. MARSDEN: Could I approach, your Honor?
 13 THE COURT: Yes, you may.
 14 BY MR. MARSDEN:
 15 Q. Let me hand you, Dr. Taylor, the Control RF product
 16 that was marked earlier in this case. I wonder if you
 17 could remind the jury where the return electrode is on
 18 that device (handing exhibit to the witness).
 19 A. Sure. A little difficult to see, but the tip of my
 20 finger is the start of the return electrode and it extends
 21 up to the tip of this white structure here (indicating).
 22 So it's a fairly large electrode relative to the active
 23 electrodes, which are very tiny.
 24 Q. Okay.
 25 MR. MARSDEN: You can stop the video. Thank

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1 you.
 2 MR. MARSDEN: Your Honor, I move the admission
 3 of DTX-897, the video that was just played.
 4 MR. BOBROW: No objection.
 5 THE COURT: All right. Thank you.
 6 *** (Defendant's Exhibit No. 897 was received into
 7 evidence.)
 8 BY MR. MARSDEN:
 9 Q. Dr. Taylor, if we can go back to the claims, we
 10 talked about Claim 1 and the dependent claims that depend
 11 from Claim 1; correct?
 12 A. Yes.
 13 Q. Did you prepare a slide to show the other claims of
 14 the '592 that are asserted?
 15 A. Yes, I did.
 16 MR. MARSDEN: Could we call that up, please,
 17 Gary? Okay.
 18 BY MR. MARSDEN:
 19 Q. And this is headed ArthroCare also asserts Claims
 20 23, 26, 27, 32 and 42 of the '592 patent; correct?
 21 A. That's correct.
 22 Q. Okay. Are these claims also asserted against the
 23 Smith & Nephew Saphyre ElectroBlade and Control RF
 24 products?
 25 A. Yes, they are.

1 - VOLUME G - Page 1229

2 IN THE UNITED STATES DISTRICT COURT

3 IN AND FOR THE DISTRICT OF DELAWARE

4

5 ARTHROCARE CORPORATION, : CIVIL ACTION

6 Plaintiff : :

7 vs. : :

8 SMITH & NEPHEW, INC., : :

9 Defendant : NO. 01-504 (SLR)

10

11 Wilmington, Delaware

12 Thursday, May 8, 2003

13 9:03 a'clock, a.m.

14

15 BEFORE: HONORABLE SUE L. ROBINSON, Chief Judge, and a jury

16

17 APPEARANCES:

18 MORRIS, NICHOLS, ARIST & TURNELL

19 BY: JACK B. BLUMENFELD, ESQ. and

20 KAREN JACOBS-LOUDEN, ESQ.

21

22 -and-

23

24 Official Court Reporters

25

1 APPEARANCES (Continued): Page 1230

2

3 WEER, GOTTSHAL & MANGES

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Counsel for Defendant

1 Page 1231

2 PROCEEDINGS

3

4 (Proceedings commenced in the courtroom,

5 beginning at 9:03 a.m., and the following occurred without

6 the presence of the jury.)

7

8 THE COURT: All right. Generally, how I go

9 through the jury instructions is basically page by page.

10 I will holler out the page. If there is an objection, a

11 correction, a typographical error, whatever, you can holler

12 out. If I don't hear anything I will assume there is

13 nothing to be corrected or changed or amended.

14 We will start with Page 2, the introduction.

15 Page 3, the jurors' duties.

16 Page 4, evidence defined.

17 Page 5, more evidence defined.

18 Page 6, consideration of evidence.

19 Page 7, circumstantial evidence and direct.

20 And I have got money out there for someone who gives me

21 a different example some day, because I am so sick of

22 this example. Think about it.

23 Page 8, credibility of witnesses.

24 Page 9, more credibility of witnesses.

25 Page 10, expert witnesses.

1 Page 1232

2 Page 11, deposition testimony.

3 Page 12, number of witnesses.

4 Page 13, demonstrative exhibits.

5 Page 14, burdens of proof.

6 MS. BOYD: Your Honor, Smith & Nephew would

7 like to request that the last sentence of the paragraph

8 regarding clear and convincing evidence be deleted, this

9 sentence read this burden remains with Smith & Nephew

10 throughout the case, it never changes or shifts to

11 ArthroCare.

12 This is in addition to the Delaware Model

13 Instruction, and we would ask that it be deleted. In the

14 alternative, we would ask that a parallel statement be

15 added to the end of the preponderance of the evidence

16 paragraph.

17 MS. JACOBS-LOUDEN: Your Honor, this is a correct

18 statement of the law. We cited case law for it. It has

19 appeared in other instructions before this Court. The

20 modern rules, of course, haven't been amended since 1993.

21 So it is not surprising that there would be some additions

22 since the 1993 edition.

23 But it is what the law is, and we think it is

24 a correct statement that would be helpful to the jury.

25 THE COURT: Well, is it not also true that

your burden on infringement remains with you throughout

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1 on the merits of the re-examination proceeding is closed.
 2 MS. BOYD: In addition to that claim, I
 3 believe the following sentence should then read, this
 4 notice is called a notice of intent to issue a
 5 re-examination certificate -- I apologize. That's not a
 6 necessary change.
 7 THE COURT: Let me make sure I got that one
 8 sentence right. A notice is issued at the end of the
 9 proceeding to inform the patent owner and any third-
 10 party requester that prosecution on the merits of the
 11 re-examination --
 12 MR. BOBROW: Is closed.
 13 THE COURT: Should it be procedure or
 14 proceeding?
 15 MR. BOBROW: Proceeding.
 16 THE COURT: All right. So is there something
 17 else?
 18 MS. BOYD: There is one other thing. The
 19 closure of the prosecution on the merits is subject to
 20 reopening until the re-examination certificate is issued.
 21 And so we either need to make that explanation during
 22 the discussion of the NIRC or during the discussion of
 23 the re-examination certificate.
 24 THE COURT: Why does the jury need to know
 25 this? There has been little if any evidence on the

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1 re-exam. Has something coming up that I don't know about?
 2 This can't just be lawyer argument. I just don't know
 3 what the jury is going to do with this information.
 4 MS. BOYD: We anticipate that in ArthroCare's
 5 invalidity rebuttal case they will be relying heavily on
 6 the re-examination, and specifically on the fact that a
 7 re-exam -- excuse me, that a NIRC has issued. But a
 8 re-examination certificate has not issued.
 9 THE COURT: All right. Well, in terms of
 10 the last suggested comment, it says if patentability is
 11 confirmed, this re-exam certificate will be issued. The
 12 fact that it hasn't been issued in this case -- well, I
 13 guess I just -- I don't want to give the jury information
 14 that they don't know what to do with. So to tell them
 15 it's closed, but it hasn't -- but a certificate hasn't
 16 been opened, I mean, hasn't been issued, so there are lots
 17 of other things that could happen, that is irrelevant to
 18 what the jury, I think that's irrelevant to what the jury
 19 is supposed to be deciding.
 20 MS. BOYD: To the extent ArthroCare is arguing
 21 this is another decision of the Patent Office, it is very
 22 much an issue for the jury to understand, because it isn't
 23 yet a decision by the Patent Office. It is only a
 24 preliminary decision. And it's subject to reopening until
 25 that certificate issues.

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1 THE COURT: I think what I will do is wait to
 2 see what the evidence shows to see how much information
 3 we need to give to the jury.
 4 MS. BOYD: Thank you, your Honor.
 5 THE COURT: I will at least make that change.
 6 We will see if we need to make others.
 7 Certificate of correction.
 8 MS. JACOBS-LOUDEN: Yes, your Honor. We had a
 9 few issues with this instruction.
 10 The first issue is that there is nothing in
 11 this instruction that gives the jury guidance as to the
 12 burden of proof or what standard it should apply in
 13 reviewing the certificate of correction issue. And that's
 14 not a self-evident thing. They won't know if it is
 15 preponderance of the evidence or clear and convincing
 16 evidence.
 17 We cited in our instruction to the Superior
 18 Fireplace case at 270 F. 3d 1367, which says that it's
 19 the same standard for patent invalidity, which is clear
 20 and convincing evidence.
 21 The second issue that we had is the reference
 22 here is to whether or not the public can tell from looking
 23 at the patent. We think the relevant standard is not the
 24 public but -- or the relevant public is one skilled in the
 25 art. It's a tautology that patent claims are viewed from

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1 the standpoint of one skilled in the art. And the case
 2 law that we cited, the Isco case and the Bailey case,
 3 certainly support that.
 4 I would just note that Smith & Nephew's counsel,
 5 what they were arguing why Mr. Heim's testimony should be
 6 permitted, agreed with us. I will just cite from Page 939
 7 of the transcript, from Wednesday, Ms. Boyd said the
 8 Superior Fireplace test says that the standard is what a
 9 person of ordinary skill in the art would read the claim
 10 as, what they know, if there was a correction that needed
 11 to be made and would they know how to make the correction.
 12 THE COURT: I agree. You can read these things
 13 and still miss things. I was trying to get something out
 14 to you. At this point I am not sure Smith & Nephew has
 15 any evidence on this issue, because I didn't let it in. So
 16 I am not even sure it's going to be a defense that is going
 17 to go to the jury.
 18 So I certainly think that -- let's hear from
 19 Smith & Nephew, assuming it's going to go in. I certainly
 20 think, I agree that the standard, the burden of proof is
 21 clear and convincing. And I agree that we are looking at
 22 it from the perspective of one skilled in the art. I
 23 think that's a correct statement of the law on both counts.
 24 MS. BOYD: On the burden of proof issue, the
 25 clear and convincing evidence standard, I believe, is a

1 for inequitable conduct as well. And this case was
2 supposed to be done by 3:00, everything. That means in my
3 mind if you have an inequitable conduct case, the jury
4 needs to get it well before 3:00. Otherwise, theoretically
5 you don't have time left.

6 MS. BOYD: Mr. Blumenfeld has proposed or
7 ArthroCare has proposed to Smith & Nephew that the
8 inequitable conduct case be addressed while the jury is
9 deliberating, so that would be, I guess, late Friday
10 morning or early Friday afternoon.

11 Will that work with the Court's schedule?

12 THE COURT: Yes, as long as you are within
13 your time. I'm not putting in extra time. What I'm doing
14 is putting in my trial time, which is your trial time. So
15 you need to work it out. And work out, before you put on
16 and use your last bit of time with these witnesses that
17 you proposed to put on, you better have a clear idea of
18 what you want left for inequitable conduct. All right?

19 Okay. Thank you, counsel.

20 MR. BLUMENFELD: Your Honor?

21 THE COURT: Yes.

22 MR. BLUMENFELD: Just to make clear, the 16
23 hours we got I assume includes closing arguments.

24 THE COURT: Yes, it includes everything. And
25 the more time -- I mean it doesn't include -- I have

1 given you some time on this, not the evidentiary issues
2 but the jury instruction charge conference is on my time,
3 but all the evidentiary issues you've been having is your
4 time. That's your trial time that you are using on that
5 kind of discussion because you haven't been able to work
6 it out or you haven't given the other party enough notice
7 to work it out.

8 So keep that in mind when Francesca talks to
9 you about how much time, little time you have left.

10 (Court recessed at 10:24 a.m.)

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2 (Court resumed after the recess, and the
3 following occurred without the presence of the jury.)
4

5 THE COURT: I did want to note for the record
6 before we started that I am going to give Smith & Nephew a
7 half-hour because, quite frankly Mr. Hebert was much too
8 patient with some of the plaintiff's witnesses, who did
9 not answer questions directly and clearly. And we had to
10 go over the same questions time and again.

11 So for that reason, they get another half-hour.

12 All right. Let's bring the jury in.

13 MR. MARSDEN: Thank you, your Honor. While we
14 are bringing the jury in, can I move those five exhibits.

15 THE COURT: Yes.

16 MR. MARSDEN: PX-478, PX-672, DTX-912, DTX-121,
17 DTX-600, and DTX-791.

18 THE COURT: Any objection to those exhibits?

19 MR. BLUMENFELD: No, your Honor.

20 THE COURT: Thank you.

21 *** (Above-referenced exhibits were received into
22 evidence.)

23 (At this point the jury entered the courtroom
24 and took their seats in the box.)

25 THE COURT: Mr. Marsden, you may proceed.

1 MR. MARSDEN: Thank you, your Honor. Good
2 morning, ladies and gentlemen of the jury.

3 ...

4 DEPENDANT'S TESTIMONY
5 CONTINUED

6

7 ... KENNETH TAYLOR, having been
8 previously duly sworn as a witness, was
9 resumed and testified further as follows ...

10 DIRECT EXAMINATION

11 BY MR. MARSDEN:

12 Q. Good morning, Dr. Taylor.

13 A. Good morning.

14 Q. Dr. Taylor, before we move to the issue of invalidity,
15 I wanted to touch on a couple of cleanup matters related to
16 the noninfringement opinions you provided yesterday.
17 Yesterday, I asked you whether you considered or used the
18 Court's claim constructions in reaching your opinions on
19 noninfringement.

20 Do you recall that?

21 A. Yes, I do.

22 Q. Just to clarify, when did the Court provide its
23 claim constructions to the parties?

24 A. In about a month.

25 Q. Did you review the Court's claim constructions?

1 A. Yes, I did.
 2 Q. Did you consider them in offering the opinions you
 3 have offered here in court?
 4 A. Yes, I have.
 5 Q. Do you believe the opinions you have offered here
 6 in court are consistent with the Court's claim
 7 constructions?
 8 A. Yes.
 9 Q. Turning to another brief cleanup issue on
 10 noninfringement, yesterday, when we were discussing the
 11 '592 patent, the not touching the body patent, you
 12 discussed I believe having the opportunity to use the
 13 probes in a cadaver's shoulder?
 14 A. Yes.
 15 Q. I think you used the word procedure when you
 16 described that. What did you mean by procedure?
 17 A. I meant that I was performing the method that was
 18 similar to the steps in the claim.
 19 Q. What is the method of '592, what are those steps?
 20 A. Summarily speaking, you position an active
 21 electrode either touching the tissue or in proximity to
 22 the tissue.
 23 Q. That's step one?
 24 A. That's step one. And step two is you position the
 25 return electrode, so it's not touching the tissue -- not

1 touching the body, I should say. That's step two.
 2 And step three is you apply the energy to
 3 the active electrode.
 4 Q. How do you know that those are the three steps of
 5 the '592 method?
 6 A. That's basically what is in the claims.
 7 Q. Has the Court provided us any additional guidance
 8 since yesterday about the meaning of those claim terms?
 9 A. Yes.
 10 MR. MARSDEN: Gary, can we put up the Court's
 11 jury instruction on this?
 12 MR. BOBROW: Your Honor, I don't believe this
 13 is your jury instruction, in the sense that I thought
 14 those were still under consideration. I don't know that
 15 it is appropriate to show that though this witness.
 16 THE COURT: My jury instruction is going to
 17 be consistent with my memorandum opinion. So none of
 18 this should be different. If this is consistent with my
 19 memorandum opinion, then this is fine.
 20 MR. MARSDEN: Thank you, your Honor.
 21 Gary, if you could zoom in on Paragraph No. 3...
 22 BY MR. MARSDEN:
 23 Q. Dr. Taylor, I believe we discussed the first sentence
 24 of this paragraph several times during the course of the
 25 trial?

1 A. That's correct.
 2 Q. Not touching, not contacting the body at all. Do
 3 the additional sentences that appear in Paragraph 3 change
 4 your opinion regarding whether or not there is infringement
 5 of the '592 patent?
 6 A. No, it does not. It basically strengthens my
 7 opinion.
 8 Q. Why does it strengthen your opinion?
 9 A. Well, I think I meant makes it abundantly clear
 10 that the claim construction doesn't have any time
 11 limitations. That's number one. That's in the second
 12 sentence, the claimed method does not contain any time
 13 limitations.
 14 And the last sentence says that the claimed
 15 method is performed when each of the three steps has
 16 been completed. So I think that also strengthens my
 17 position.
 18 Q. Thank you very much.
 19 MR. MARSDEN: Ladies and gentlemen of the jury,
 20 we are now going to turn to the issue of invalidity. I
 21 will apologize in advance that we are going to be moving
 22 through this very quickly. You will have these
 23 references with you in the jury room for your deliberations.
 24 Fortunately, many of the arguments relate to pictures or
 25 figures that are in the patents. So I think you will be

1 able to find them relatively easily when you are in the
 2 jury room.
 3 But I do apologize in advance, because we have
 4 time limits and we are going to move through this material
 5 quite quickly this morning with Dr. Taylor.
 6 BY MR. MARSDEN:
 7 Q. Dr. Taylor, now turning to this question of
 8 invalidity of the asserted claims, do you have an opinion
 9 as to whether the asserted claims of the ArthroCare patents
 10 are invalid?
 11 A. Yes, I do.
 12 Q. What is your opinion?
 13 A. My opinion is that the claims are invalid.
 14 Q. What is the basis for your opinion?
 15 A. The basis for my opinion is that there is prior art
 16 or prior information that was published prior to these
 17 patents that contains all the essential elements of the
 18 claims.
 19 Q. Does that mean someone else did it first?
 20 A. Yes. That's another way of putting it.
 21 Q. I think we also heard the term anticipation in
 22 this trial. Is that another word for this?
 23 A. That is another way of putting that. The prior
 24 art anticipates the claims that are asserted.
 25 Q. How do you determine for purposes of validity

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1 whether someone else did it first?

2 A. Essentially, you - I guess you can consider it to

3 be an infringement analysis in reverse. Yesterday, I

4 went through all the different elements of each of the

5 claims, and described how the Smith & Nephew products did

6 not infringe. In essence, what I did is an analysis in

7 reverse, by the fact that I looked at all the different

8 prior art to see whether or not the prior art taught the

9 various elements of the claims that are being asserted.

10 Q. Did you consider what level of proof is required

11 to prove anticipation?

12 A. Yes. I was looking for proof in the prior art that

13 the prior art actually taught all the essential elements

14 in a very highly probable, very clear and convincing

15 manner, so it would be evident to me, someone that is

16 skilled in the art, and evident to almost anybody that

17 the prior art taught that essential element.

18 Q. You mentioned there are several references that you

19 relied on. What are those references?

20 A. Actually, those references are shown right there on

21 that board. There are six references?

22 If you take a look, since it is a timeline as

23 well as a pictorial of the various references, you will

24 see that the earliest date of the ArthroCare invention is

25 around 1993. Then there are six references going back

Page 1294

1 in time. Dr. Manwaring's patent, which is in 1992, the

2 '138 patent. 1987, the Pao '499 patent. 1985, the

3 Slager articles. 1983, the Doss '007 patent. 1983 the

4 Roos '198 patent. And 1976 the Elsasser and Roos articles.

5 Q. Let's turn first to your analysis of the '536, the

6 fluid supply patent. Can you first, maybe Ms. Prescott

7 can assist us here. Do you have a board to discuss the

8 '536 patent claims?

9 A. Yes. That is the first board on the right of the

10 board I just referenced.

11 Q. With reference to that board can you remind the jury

12 which claims are at issue in the '536 patent?

13 A. Yes. The claims that are at issue in the '536

14 patent are the dependent Claims 46, 47 and 56. As I

15 mentioned yesterday, in order to analyze those claims,

16 you have to first analyze the independent claim, which is

17 Claim 45.

18 Q. Let's start with Claim 45, then. Have you formed

19 an opinion as to the validity of Claim 45?

20 A. Yes, I have.

21 Q. What is that opinion?

22 A. My opinion is that Claim 45 is invalid.

23 Q. What is the basis for your opinion?

24 A. The basis for my opinion is that I analyzed the

25 prior art, the four articles that are referenced there on

Page 1295

1 the board. Typically what we are doing is showing on the

2 left-hand side the claims, and then the articles or

3 patents that are applied on the right-hand side of the

4 board. In this case, it is the Elsasser and Roos article,

5 the Roos '198 patent, the Doss '007 patent and the Pao

6 '499 patent.

7 Q. Let's start with the Elsasser and Roos article then.

8 If you could turn to DTX-59-A and 59-B in your notebook,

9 can you identify those for the record?

10 A. Okay. DTX-59A is the original German publication.

11 DTX-59B is the English translation of that publication.

12 MR. MARSDEN: Your Honor, I move the admission

13 of DTX-59-A and 59-B.

14 MR. BOBROW: No objection.

15 THE COURT: Thank you.

16 *** (Defendant's Exhibits No. DTX-59-A and 59-B

17 was received into evidence.)

18 BY MR. MARSDEN:

19 Q. Can you tell the jury first just generally what the

20 Elsasser and Roos article describes and have you prepared

21 a slide for this?

22 A. Yes, I have.

23 Gary, can I have that slide?

24 The Elsasser and Roos article describes a

25 bipolar electrosurgical device for the treatment of

Page 1296

1 prostate and bladder tissue, commonly known as the

2 procedure of a T-U-R-P or a TURP.

3 Q. Now, have you performed an element-by-element

4 comparison of the teachings of the Elsasser and Roos

5 article to the asserted claims of the '536 patent?

6 A. Yes.

7 Q. Have you prepared any slides to assist you in

8 illustrating to the jury what that analysis was?

9 A. Yes, I do. There is a series of slides.

10 Gary, if you can go to the next one?

11 Essentially what I did here, as I mentioned

12 before, I started with the independent Claim 45. The way

13 these things are laid out, on the left-hand side of the

14 screen we have the claim, and we will highlight the

15 particular element that I was analyzing for that

16 particular slide.

17 On the right-hand side we will have a figure, and

18 generally some text that is in the actual article, and

19 generally at the top of that column will be the actual

20 location of that text.

21 So in this case, the element that is being

22 analyzed is the high-frequency power supply. The article

23 specifically mentioned we connected the cutting loop and

24 the neutral electrode to a high frequency surgical unit.

25 That element is satisfied.

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1 Q. Before you go any further, Dr. Taylor...

2 MR. MARSDEN: Let me just tell the jury that

3 these slides that you are seeing are demonstrative

4 evidence and you will not have those in the jury room.

5 If there is any information on these slides that you think

6 is important or want to make a note of, you might want to

7 do it as we go you. You will have the Elsasser and Roos

8 article, but not these slides in the jury room.

9 THE WITNESS: Actually, before I go through

10 the next sequence, the resectroscope consists of four

11 elements. There is an outer sheath which is generally

12 where the irrigation comes in. There is a telescope.

13 Mr. Sparks showed you an arthroscope. Basically the

14 telescope is a longer version of that. It is an

15 endoscope.

16 There is a working element which is actually

17 used to remove the cutting electrode, so it actually uses

18 the working element, sort of a pistol grip mechanism, you

19 move your thumb up and down, and that moves the electrode.

20 And the electrode is shown right there, right at the tip.

21 So we can go to the next overhead.

22 The next element there is an electrosurgical

23 probe comprising a shaft having a proximal and distal end.

24 That is highlighted there. The article specifically

25 mentions using a conventional resectroscope, which is what

Page 1298

1 I just described to you.

2 BY MR. MARSDEN:

3 Q. Just to complete the process here --

4 A. Katie -- I am sorry, I ignored her. She is actually

5 doing the checkmark, so you understand that each of the

6 elements have been identified in the article, or patent.

7 Q. Thank you.

8 A. So in this case, this element has been satisfied by

9 this reference as part, this part of the article.

10 Next, please.

11 The next settlement is an electrode terminal

12 disposed near the distal end. That is satisfied by the

13 resectroscope's cutting loop.

14 Q. It is there?

15 A. Right there, right.

16 So that element is satisfied.

17 Next. A connector near the proximal end of

18 the shaft electrically coupling the electrode terminal to

19 the electrosurgical power supply. Actually, there is two

20 connectors, the one that is shown is right there. There

21 is another one that you can't see that would be right

22 about there.

23 So that element is satisfied.

24 Next.

25 The next element is a return electrode

Page 1299

1 electrically coupled to the electrosurgical supply. The

2 return electrode is this little metal band here, and we

3 have already mentioned that is coupled to the high-

4 frequency surgical unit. So that element is satisfied.

5 Next.

6 The last element is an electrically conducting

7 fluid supply directed at the target tissue, which allows

8 current flow path between the return electrode and the

9 electrode terminal. The article specifically has quotes

10 in it that indicates that that is the case. So that

11 element is satisfied.

12 Q. On Claim 45, to sum up, do you have an opinion as

13 to whether Claim 45 of the '536 patent is anticipated by

14 the Elsasser and Roos article?

15 A. Yes, I have an opinion, and it is anticipated.

16 Q. Can you move onto the next claim, please?

17 Next.

18 The next claim is a dependent claim, as I

19 mentioned before. It requires that it satisfies all the

20 elements of Claim 45. And additionally, the return

21 electrode forms a portion of the electrosurgical shaft.

22 And that is the case, given the text there, indicating

23 that the neutral electrode, which is another word for

24 return electrode, is incorporated into the end of the

25 resectroscope shaft. So that element is satisfied.

Page 1300

1 Q. Do you have an opinion as to whether Claim 46 of

2 '536 patent is anticipated by the Elsasser and Roos

3 article?

4 A. Yes, I do, and it is anticipated.

5 Q. Did you consider the Elsasser and Roos article in

6 connection with any other claims of the '536 patent?

7 A. Yes. The next claim is Claim 47. Next, please.

8 Q. That is Claim 56; correct?

9 A. I am sorry. 56.

10 And this claim, you have to have all the

11 elements of Claim 45, plus you have to satisfy one of the

12 target roots, which is body locations there, including

13 the abdominal cavity, thoracic cavity, et cetera. The

14 resectroscope is used in resections of the prostate or

15 bladder, which is in the abdominal cavity.

16 Q. Do you have an opinion as to whether Claim 56 of

17 the '536 patent is anticipated by the Elsasser and Roos

18 article?

19 A. Yes, I do. And it is.

20 Q. Thank you. We skipped over Claim 47. Are there

21 other references that you discuss that anticipate Claim

22 47?

23 A. Yes, there are.

24 Q. I think you have said you also relied on the Roos

25 '198 patent; is that correct?

1 A. That's correct.
 2 Q. First of all, can you turn in your book to DTX-11
 3 and identify that, please?
 4 A. DTX-11 is the Roos '198 patent.
 5 MR. MARSDEN: Your Honor, I move the admission
 6 of DTX-11.
 7 MR. BOBROW: No objection.
 8 THE COURT: Thank you.
 9 *** (Defendant's Exhibit No. 11 was received into
 10 evidence.)
 11 BY MR. MARSDEN:
 12 Q. Dr. Taylor, have you prepared a slide to tell the
 13 jury what the Roos '198 patent is about?
 14 A. Yes, I have.
 15 Gary? Thank you.
 16 The Roos '198 patent basically follows up on
 17 the work that Doctors Elsasser and Roos did in their
 18 article and it's a bipolar electrosurgical device for the
 19 treatment of prostate and bladder tissue, commonly known
 20 as TURP.
 21 Q. What does TURP stand for?
 22 A. Transurethral resection of the prostate.
 23 Q. Have you done an element-by-element comparison of
 24 the teachings of the Roos '198 with the claims of the
 25 '536 patent?

1 A. Yes, I have.
 2 Q. Have you prepared some slides to illustrate that?
 3 A. Yes, I have. Gary?
 4 Thank you.
 5 Using the same format that we have used in
 6 prior slides, a high-frequency power supply is indicated
 7 in the patent. Column 7, Lines 5 through 7. It
 8 basically says the device is connected to a high-frequency
 9 generator, which is not shown in these figures. So that
 10 element is satisfied.
 11 Next.
 12 The next element is an electrosurgical probe
 13 having a shaft, a proximal and distal end. That is
 14 diagrammatically shown in Figures 7 and 8. That element
 15 is satisfied.
 16 Next. The next element is an electrode terminal
 17 disposed near the distal end. The electrical terminal is
 18 basically the cutting loop. That is described in Column 6,
 19 Lines 67 and 68 and also in these figures. So that element
 20 is satisfied.
 21 Next.
 22 A connector, requires a connector, coupling
 23 the shaft to the electrosurgical power supply.
 24 And that element is satisfied by Figure 7 and
 25 the text in Column 7, Lines 1 through 5. And also in

1 Claim 1, as described here in this text.
 2 So that element is satisfied.
 3 Next.
 4 It requires a return electrode electrically
 5 coupled to the generator. We already described that. The
 6 return electrode, or the neutral electrode is indicated by
 7 this yellow area. So that element is satisfied.
 8 Next.
 9 It also requires an electrically conducting
 10 fluid supply, directed to the target site and generating
 11 current, flow path between the active and return electrode.
 12 That is diagrammatically shown here in Figures 7 and 8 and
 13 also specifically called out in Claim 1, basically the
 14 last line in Claim 1. So that element is satisfied.
 15 Q. Just to pause on this one for a moment, that
 16 language that is quoted below the drawing comes from Claim
 17 1 of the Roos '198 patent?
 18 A. That's correct.
 19 Q. That is where you found support for the electrically
 20 conducted fluid limitation?
 21 A. Yes.
 22 Q. To sum up, on Claim 45, do you have an opinion, Dr.
 23 Taylor, as to whether Claim 45 of the '536 patent is
 24 anticipated by the Roos '198 patent?
 25 A. Yes, I do. And it is.

1 ---
 2 Q. Did you look at the '198 patent to see if the '536
 3 patent is anticipated by the Roos '198 patent?
 4 A. Yes, I did. That's indicated in the next overhead.
 5 Claims 46 is anticipated. Claim 46 requires all the
 6 elements of Claim 45. Additionally, the return electrode
 7 forms a portion of the shaft of the probe and, as I
 8 previously indicated, my Figure 7 and Figure 8, that is
 9 the case. So that element is satisfied.
 10 Q. Do you have an opinion as to whether Claim 46 of
 11 the '536 patent is anticipated by the Roos '198 patent?
 12 A. Yes, I do. And it is.
 13 Q. Did you look at any other claims of the '536?
 14 A. Yes, and the next overhead shows that. Claim 47
 15 requires all the elements of Claim 46, which is dependent
 16 on Claim 45, and requires that you have an insulating
 17 member circumscribing the electrode. Insulating member
 18 is shown there. That is identified as 35.
 19 And is there an overhead? The next one, Gary?
 20 Go back. Go back. Sorry.
 21 It also requires that return electrode is
 22 sufficiently spaced from the electrode terminal, between
 23 the return electrode and the patient's tissue. That's the
 24 case. So all the elements are satisfied.
 25 Q. Do you have an opinion as to whether Claim 47 of

Page 1305

1 the '536 patent is anticipated by the Roos '198 patent?
 2 A. Yes, I do. And it is.
 3 Q. Did you look at any other claims of the '536?
 4 A. Yes, and I guess I already tipped my hand here. I
 5 looked at Claim 56 and Claim 56 requires all the elements
 6 of Claim 45 and, in addition, it has to have a target site
 7 at the various locations indicated -- abdominal cavity,
 8 thoracic cavity, et cetera. Once again, this device is to
 9 be used for the resection of bladder and prostate tissue,
 10 and, therefore, satisfies that element.
 11 Q. Thank you, sir.
 12 Do you have an opinion as to whether Claim 56
 13 of the '536 patent is anticipated by the Roos '198 patent?
 14 A. Yes, I do, and it is.
 15 Q. I believe you also considered the Doss '007 in
 16 connection with the '536 patent; is that correct?
 17 A. That's correct.
 18 Q. Can you turn to DTX-17 in your book, please, and
 19 identify that?
 20 A. DTX-17 is a patent, the Doss '007 patent.
 21 MR. MARSDEN: We move the admission of DTX-17,
 22 please.
 23 MR. BOBROW: No objection.
 24 THE COURT: Thank you.
 25 THE DEPUTY CLERK: So marked.

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1 *** (Defendant's Exhibit No. 17 was received into
 2 evidence.)
 3 BY MR. MARSDEN:
 4 Q. Dr. Taylor, had you prepared a graphic to describe
 5 what the Doss '007 is about?
 6 A. Yes, I have. Thank you, Gary.
 7 The Doss '007 patent is a bipolar
 8 electrosurgical probe which includes an integrated supply
 9 of saline for the treatment of corneal tissue.
 10 Q. Have you done an element-by-element comparison of
 11 the teachings of the Doss '007 patent to the claims of
 12 the '536 patent?
 13 A. Yes I have.
 14 Q. Have you prepared slides to illustrate your opinions?
 15 A. Yes, I have. And, once again, looking at the claims
 16 of the patent, Claim 45 requires as one of the elements a
 17 high-frequency power supply. Column 3, Lines 29 to 38,
 18 specifically mentions a high-frequency power supply.
 19 Q. So that is element satisfied?
 20 A. That element is satisfied, sir.
 21 Moving to the next overhead, this element
 22 requires an electrosurgical probe, having a shaft having
 23 a proximal end and distal end. As you can see, there
 24 is a shaft, there is a distal and a proximal end. And
 25 that is described by the text, Column 5, Lines 27 to

Page 1307

1 through 31. Therefore, that element is satisfied.
 2 Next.
 3 The next element is an electrode terminal
 4 disposed near the distal end. And this is the active
 5 electrode or electrical terminal. It's described by the
 6 text indicated there and is shown in the red there. So
 7 that element is satisfied.
 8 Also, requires a connector connecting the
 9 electrode terminal to the electrosurgical power supply.
 10 The text indicated in Column 3, Lines 30 through 34,
 11 indicates that that is the case. So that element is
 12 satisfied.
 13 Next.
 14 Requires a return electrode electrically
 15 coupled to the electrosurgical power supply. This diagram
 16 shows the return electrode indicated highlighted in yellow.
 17 And it's specifically referenced in the text in Column 5,
 18 Lines 27 through 31. Therefore, that element is satisfied.
 19 Next.
 20 The last element is an electrically conducting
 21 fluid supply for generating a current flow path between the
 22 return electrode and the electrode terminal.
 23 The blue indicates the flow of saline solution
 24 into the device. The text reference is here, Column 3,
 25 Lines 48 through 54. So that element is satisfied.

Page 1308

1 Q. Before you leave this, so the record is clear, was
 2 this coloring in the original figures?
 3 A. No, it was not. It was coloring that was added by
 4 me.
 5 Q. Was that to illustrate?
 6 A. That was basically to illustrate -- we tried to be
 7 consistent, so blue is water. I guess blue looks like
 8 water, right? So that's what we used here.
 9 Q. Do you have an opinion, then, as to whether Claim 45
 10 of the '536 patent is anticipated by the Doss '007 patent?
 11 A. Yes, I do. And it is.
 12 Q. Did you consider the Doss reference in connection
 13 with any other claims of the '536 patent?
 14 A. Yes, and the next overhead shows that.
 15 Basically, Claim 46, as I indicated before,
 16 requires that you have all the elements of Claim 45 and
 17 also that the return electrode forms a portion of the
 18 shaft of the electrosurgical probe. And that is indicated
 19 in Column 5, Lines 27 through 31. So that element is
 20 satisfied.
 21 Q. Do you have an opinion as to whether Claim 46 of
 22 the '536 patent is anticipated by the Doss '007 patent?
 23 A. Yes, I do. And it is.
 24 Q. And did you look at any other claims of the '536?
 25 A. Yes. The next overhead shows Claim 47 which, once

Page 1333

1 Q. Can you continue?

2 A. The next claim is Claim 27. Claim 27 requires the

3 method of Claim 23. Additionally, delivering the

4 electrically conductive fluid to the target site. And

5 that had to happen, as referenced on Page 1383 of the

6 article.

7 Q. Do you have an opinion as to whether Claim 27 of the

8 '592 is anticipated by the teachings of the Slager article?

9 A. Yes, I do. And it is.

10 Q. Did you consider other claims?

11 A. Yes. Claim 32 requires the method of Claim 23 and,

12 additionally, that the electrically conductive fluid

13 consists of isotonic saline. The article specifically

14 references on Page 1383 return electrode immersed in

15 saline, 0.9 percent. That is the definition of isotonic

16 saline.

17 Q. Do you have an opinion as to whether Claim 32 of the

18 '592 is anticipated by the Slager article?

19 A. Yes, I do. And it is.

20 Q. And did you consider Claim 42 of the '592 patent?

21 A. Yes, I did. Claim 42 requires the method of Claim

22 23, wherein the voltage is in the range of 500 to 1400

23 volts peak to peak. And at Page 1383 of the Slager

24 article, they specifically mention that the voltage is

25 1200 volts peak to peak. So that is satisfied.

Page 1334

1 Q. Thank you, Dr. Taylor.

2 So do you have an opinion as to whether Claim

3 42 of the '592 patent is anticipated by the Slager article?

4 A. Yes, I do. And it is.

5 MR. MARSDEN: Thank you very much, Dr. Taylor.

6 I have no further questions.

7 THE COURT: All right. Why don't we take a

8 15-minute break before we go into cross-examination?

9 (At this point the jury then left the

10 courtroom.)

11 (Short recess taken.)

12 ...

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Page 1335

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2 (Court resumed after the recess, and the

3 following occurred without the presence of the jury.)

4

5 THE COURT: Let's bring the jury in.

6 MR. MARSDEN: Your Honor, while we are waiting

7 for the jury, we have made a request to the other side,

8 but we will make it directly to the Court. Now that these

9 prior-art references have been admitted, there are only

10 six of them, they are about a quarter of an inch, we would

11 like permission to add them to the jurors' binders so they

12 have the patents and the six references.

13 THE COURT: No, I don't think we will do that.

14 Thank you. They will have them in the jury room.

15 MR. MARSDEN: I thought for the convenience,

16 and the jury understanding they weren't there. There is

17 no argument.

18 THE COURT: I have never done that.

19 MR. HEBERT: Your Honor, if we have another

20 minute...

21 There is an issue with Mr. Raffle's testimony,

22 which will be the next witness.

23 THE COURT: I don't think we do.

24 MR. HEBERT: Okay.

25 THE COURT: The jurors' hunches are here, so

Page 13

1 we can take an early lunch and discuss Mr. Raffle as soon

2 as this witness is done.

3 MR. HEBERT: I think it is only a two-minute

4 issue, your Honor.

5 (At this point the jury entered the courtroom

6 and took their seats in the box.)

7 THE COURT: All right. Mr. Bobrow.

8 MR. BOBROW: Thank you, your Honor. Good

9 morning, ladies and gentlemen.

10 CROSS-EXAMINATION

11 BY MR. BOBROW:

12 Q. Good morning, Dr. Taylor.

13 A. Good morning.

14 Q. Let me ask you, first of all, a couple of questions

15 about the re-examination of the '536 patent. You are

16 aware that the '536 patent is in re-examination right now, is

17 that right?

18 A. Yes.

19 Q. And you are aware that the Patent Office has issued

20 a notice of intent to issue a re-examination certificate.

21 Is that true?

22 A. Yes.

23 Q. And you are aware, are you not, that in connection

24 with that re-examination proceeding, that the Patent Office

25 considered the Roos '198 patent?

1 A. Yes.
 2 Q. And you read in the file wrapper for the
 3 re-examination proceeding that there was a board that was
 4 convened, that three examiners looked at the Roos '198
 5 patent; correct?
 6 A. Yes.
 7 Q. And notwithstanding that, the Patent Office issued
 8 a notice of intent to issue a re-examination certificate,
 9 confirming the patentability of the '536 patent over the
 10 Roos '198 patent; is that right?
 11 A. I am aware of the notice of intent to issue -- what
 12 did you call it again?
 13 Q. A re-examination certificate?
 14 A. A re-examination certificate. I also understand --
 15 and you can correct me if I am wrong -- it's not over
 16 until it's over. And the certificate hasn't been issued
 17 yet.
 18 Q. The certificate has not been issued yet. But you
 19 are aware that the Patent Office wrote in an office action
 20 that the claims of the '536 are patentable over the Roos
 21 '198 patent, and that that was an office action that was --
 22 was the result of a board of three examiners that had
 23 convened to look at the issue; correct?
 24 A. I am aware of that.
 25 MR. BOBROW: May I approach, your Honor?

1 THE COURT: Yes, you may.
 2 BY MR. BOBROW:
 3 Q. I have handed you PX-7. And PX-7 is the file
 4 history for the re-examination of the '536 patent. You
 5 have looked at at least portions of PX-7 before, have you
 6 not?
 7 A. I have looked at the file history of '536, which is
 8 this document. Is that what you are saying?
 9 Q. You have looked at the file history for the
 10 re-examination of the '536?
 11 A. Some parts of the file history of the '536 patent.
 12 Q. Including parts of the re-examination; is that right?
 13 A. Including parts of the re-examination, yes.
 14 Q. And you considered that information in connection
 15 with forming your opinions and giving your testimony;
 16 correct?
 17 A. I did.
 18 MR. BOBROW: Your Honor, at this time I move
 19 PX-7 into evidence.
 20 MR. MARSDEN: No objection, your Honor.
 21 *** (Plaintiff's Exhibit No. 7 was received into
 22 evidence.)
 23 BY MR. BOBROW:
 24 Q. Now, I would like to shift gears a little bit. I
 25 wanted to ask you some questions about electrically

1 conducting fluids. All right?
 2 A. Yes.
 3 Q. Now, one fluid that is an electrically conducting
 4 fluid is saline; correct?
 5 A. Yes.
 6 Q. And another one is Ringer's lactate; correct?
 7 A. Or lactate of Ringer's, yes.
 8 Q. Now, there are also fluids that are used in
 9 electrosurgery that are electrically nonconducting fluids;
 10 correct?
 11 A. Yes.
 12 Q. And glycine is one of those electrically
 13 nonconducting fluids; correct?
 14 A. Yes.
 15 Q. And although glycine is called an electrically
 16 nonconducting fluid, it nonetheless does conduct
 17 electricity, does it not?
 18 A. Yes.
 19 Q. And, in fact, glycine is a fluid that is commonly
 20 used in a procedure that you called a T-U-R-P procedure;
 21 correct?
 22 A. It's commonly used. It's not the only fluid. But,
 23 yes, yes, it's commonly used.
 24 Q. In fact, glycine conventionally has been used by
 25 doctors for the T-U-R procedure in the prostate; right?

1 A. Can you repeat the question again?
 2 Q. Yes. I was saying that glycine conventionally has
 3 been the fluid that doctors have used in performing a
 4 TURP procedure, using electrosurgery?
 5 A. Yes.
 6 Q. Now, you had mentioned before that in using an
 7 electrically nonconductive fluid like glycine it will
 8 nonetheless conduct electricity when you put an
 9 electrosurgical instrument into that glycine; right?
 10 A. Yes.
 11 Q. Now, you had said on direct examination, you had
 12 mentioned a patent to reduce, the Roos '198 patent. Do
 13 you recall that?
 14 A. Yes.
 15 Q. Now, the Roos '198 patent described a device or
 16 devices that were to be used in TURP procedures; is that
 17 right?
 18 A. Yes. However, you have to keep in mind that when
 19 you reference TURP procedures, the way it's most often
 20 done is with a monopolar electrosurgical probe, and the
 21 Roos patent is a bipolar electrosurgical probe, and it
 22 does make a difference.
 23 ---
 24
 25

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1
2 Q. Well, the Roos patent doesn't just talk about bipolar
3 probes, does it?
4 A. But the configurations we were describing in my direct
5 testimony were bipolar.
6 Q. That wasn't the question I asked you.
7 A. I just wanted to explain.
8 Q. Fair enough. The Roos '198 patent also discusses
9 monopolar uses for TRUP procedures; is that correct?
10 A. Yes, it does. Sorry.
11 MR. BOBROW: why don't we put DTX-11 on the
12 screen, please? DTX-11 is the '198 patent. And let's go
13 to Column 1.
14 BY MR. BOBROW:
15 Q. DTX-11 is also in your binder if you care to look at
16 it, but in Column 1 of the '198 patent, if you take a look
17 at around Line 35 when it's discussing the background of
18 the invention...
19 A. This binder? I'm sorry. Okay. Yes. Column 1.
20 Q. And if you take a look at Line 35, it references a
21 neutral electrode applied externally to the patient's
22 body.
23 Do you see that?
24 A. Yes.
25 Q. And so by reference to a neutral electrode applied

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1 externally to the patient's body, here in this paragraph
2 it's describing monopolar electrosurgery; correct?
3 A. Yes.
4 Q. And if you go down further to about Lines 52 through
5 56, there is a discussion there about washing water.
6 Do you see that? It's Line 54 refers to washing
7 water.
8 A. Yes.
9 Q. Now, it mentions here that there is some current
10 flows from the cutting loop via the washing water directly
11 to the metal parts of the endoscope shaft located in the
12 washing water flow and from there to the engaging tissue.
13 Do you see that?
14 A. Yes.
15 Q. Now, given that this is a monopolar electrosurgical
16 setup, you would agree with me, would you not, that the
17 washing water that is being described here is either
18 glycine or some other electrically nonconducting fluid;
19 correct?
20 A. Yes, it is.
21 Q. You have no reason to think it's not, do you? That's
22 how the monopolar procedures are done; correct?
23 A. Glycine, Glanitol (phonetic), something that you
24 would expect to be electrically nonconductive.
25 Q. And it says there is some current flow in that

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1 electrically nonconductive fluid from the electrode to
2 the metal parts of the electrode; right?
3 A. Yes.
4 Q. All right. Now, in describing in the rest of the
5 patent, it describes some bipolar devices; correct?
6 A. Yes.
7 Q. And during your direct examination, you showed one
8 of those devices; correct?
9 A. Yes.
10 Q. Now, in the '198 patent, the '198 patent never uses
11 the word saline, does it?
12 A. Couldn't find it, no, it does not.
13 Q. It doesn't use the word Ringer's lactate or lactated
14 Ringers, does it?
15 A. It does not.
16 Q. And in describing the fluid that is used with the
17 bipolar embodiments, it uses, the phrase at Column 4, Line
18 54 is calling it a washing liquid; right?
19 A. Line 54, you said?
20 Q. Yes, at Column 4.
21 A. Okay. Yes, it does say washing liquid.
22 Q. It doesn't call it saline, it doesn't call it
23 lactated Ringer's; correct?
24 A. No.
25 Q. All right. In fact, wouldn't you agree with me that

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1 in this '198 patent to Roos, there is really no difference
2 between the way that Mr. Roos talked about the washing
3 liquid that was used in the monopolar case versus the
4 bipolar case. He describes them as washing water or
5 washing liquid; right?
6 A. That's correct.
7 Q. Now, if you would, please, take a look at Figure 5
8 of the '198 patent.
9 MR. BOBROW: if you can highlight that,
10 Chris...
11 BY MR. BOBROW:
12 Q. And Figure 5 is a depiction of one of the bipolar
13 probes that is described here in this Roos '198 patent;
14 correct?
15 A. Yes, it's one of the embodiments. Yes.
16 Q. And as you look up there, you can see there is what
17 he calls a neutral electrode 11 and also number 12 he
18 calls the treatment electrode; right?
19 A. That's correct.
20 Q. Now, there is, what I'm circling there with this
21 light pen is the return electrode; correct?
22 A. And I also he calls it the neutral electrode in the
23 patent, but, yes.
24 Q. Now, if you take a look at Column 6 at Lines 51 to
25 53 of the Roos '198 patent, he talks about the neutral

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1 electrode in this embodiment, doesn't he?
 2 A. Hold on a second. I'm sorry. Which lines again?
 3 Q. This is at Column 6, Lines 51 to 53.
 4 A. Yes.
 5 Q. And it says there that the neutral electrode 11 in
 6 the form of the steel band rests on the tissue in large
 7 area form so that good electrical contact is insured.
 8 Do you see what I'm referring to there?
 9 A. Yes, I do.
 10 Q. Now, wouldn't you agree with me, sir, that if there
 11 were electrically conducting fluid that was filling the
 12 environment where the active electrode is and the return
 13 electrode is, you wouldn't need to have tissue contact
 14 to insure good electrical contact between the active
 15 electrode and the return electrode. That would be
 16 provided by the saline or the Ringer's lactate or the
 17 other electrically conducting fluid; right?
 18 A. From the specific embodiment, your interpretation
 19 is correct. However, this is not the embodiment that I
 20 talked about and it's not an embodiment that I described.
 21 Q. But for the embodiment I described, that's correct?
 22 A. Yes.
 23 Q. Now, why don't we take a look at the embodiment we
 24 did talk about which is Figures 7 and 8 were the ones you
 25 had up?

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1 A. That's correct.
 2 MR. BOBROW: So perhaps we can highlight those.
 3 BY MR. BOBROW:
 4 Q. I'm sorry. Dr. Taylor, are you there?
 5 A. Yes, I am.
 6 Q. Thank you. Now, Figures 7 and 8 you had testified
 7 about a little bit earlier and, as I see it there, there
 8 is a ring or a band that is called 11.
 9 Do you see that?
 10 A. Yes.
 11 Q. And that's what Mr. Roos is calling the return
 12 electrode here; correct?
 13 A. Yes.
 14 Q. All right. Or neutral, I guess. But that's what
 15 you are saying is the return electrode for purposes of
 16 these claims?
 17 A. Right.
 18 Q. And as I was looking at what you had checked off
 19 earlier, for Claim 47 in the Roos '198 patent, it appears
 20 that your testimony was that this embodiment of the Roos
 21 '198 patent satisfies Claims 47; right?
 22 A. Yes.
 23 Q. And specifically, you offered the opinion that this
 24 embodiment satisfied this language that says that the
 25 return electrode is sufficiently spaced from the electrode

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1 terminal to minimize direct contact between the return
 2 electrode and the patient's tissue.
 3 Do you see that?
 4 A. Yes.
 5 Q. And that's your testimony, even though the return
 6 electrode completely surrounds the probe shaft; right?
 7 A. Yes.
 8 Q. It's exposed for 360 degrees of that shaft; right?
 9 A. Yes.
 10 Q. And it's not spaced very far away from the active
 11 electrode, is it? It would be spaced a small distance;
 12 right?
 13 A. No.
 14 Q. How far away would it be spaced?
 15 A. Well, if you look at a standard resectoscope -- and
 16 I happen to know that in the Roos article what they did
 17 is they modified a Carl Storts (phonetic) resectoscope,
 18 the cutting loop which is indicated by 12 can move out
 19 about -- about an inch and could be retracted almost to
 20 the lip there, the plastic insulating member which is
 21 indicated by 35. So it has the ability to move in and
 22 out. So an inch is pretty far for an electrode.
 23 Q. So the loop isn't also positioned an inch away from
 24 the return electrode?
 25 A. It's not always, but it can be.

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1 Q. What you do is you retract the treatment electrode
 2 back in towards the return electrode; correct?
 3 A. Yes, you do.
 4 Q. That's the technique. It extends out and you pull
 5 it back towards the return electrode; right?
 6 A. Right.
 7 Q. And in the TRUP procedure, I take it that this device
 8 here is traveling a fairly tight, a tight lumen, as it
 9 were; right? It goes up to the urethra, doesn't it?
 10 That's the passageway into the body, isn't it?
 11 A. Oh, I see. I'm sorry. I thought you were back at
 12 the electrode again. Yes, the device does go into the
 13 urethra and it also can be used for treating the bladder,
 14 in which case the neutral electrical would be almost
 15 entirely or it could be almost entirely inside the
 16 bladder. The bladder, in order to operate on the bladder,
 17 you have to distend it, which means you put fluid into it
 18 and make it large. And the bladder distended is, oh, about
 19 the size of my fist. I guess it depends on how big your
 20 bladder is. But when you have the instrument all the way
 21 in the bladder, the return electrode is entirely, entirely
 22 engulfed by fluid.
 23 Q. Right. And in the conventional monopolar way, that
 24 would be in a glycine solution; right?
 25 A. That's correct. But, in this particular case, that's

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1 not what they used.
 2 Q. Right. All right. Instead, they used washing
 3 liquid; right?
 4 A. Yes.
 5 Q. That's what the patent says?
 6 A. Yes.
 7 Q. Now, let's take a look at Figure 1 of this patent.
 8 And Figure 1 is describing another bipolar embodiment of
 9 Roos, is it not?
 10 A. Yes, it is.
 11 Q. And there is a little hook there. That's the
 12 treatment electrode; right?
 13 A. Yes.
 14 Q. And here, there is a return electrode also; right?
 15 Or a neutral electrode as he calls it?
 16 A. Yes.
 17 Q. And that neutral electrode is within that endoscope.
 18 It's covered up by some sort of insulation there, isn't it?
 19 A. Yes.
 20 Q. So the neutral electrode is located within the
 21 endoscope; right?
 22 A. In this case, it is.
 23 Q. Now, let's go to Claim 1 of the Roos '198 patent.
 24 And do you see that, sir?
 25 A. I've got it right here.

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1 Q. Right. And this claim, Claim 1, actually has as a
 2 limitation that the return electrode is or it says the
 3 neutral electrode is located within said endoscope body.
 4 Do you see that? That's at about line --
 5 A. I know it's here. What line is it?
 6 Q. About Line 58.
 7 A. Yes. I'm sorry. Yes, I've got it.
 8 Q. And you would agree with me that Claim 1 as it's
 9 written here actually covers the embodiment we were just
 10 looking at, Figure 1?
 11 A. It covers Figure 1. It covers 7 and 8, too.
 12 Q. Let's take it in pieces.
 13 A. Okay.
 14 Q. First, you would agree with me this covers Claim 1?
 15 A. Yes.
 16 Q. And your testimony is that Claim 1 covers also
 17 Figures 7 and 8?
 18 A. Covers Figures 7 and 8. And I think it actually
 19 covers Figure 5, too, but I had to go back and look.
 20 Q. Now, first of all, would you agree with me that, in
 21 the Roos '198 patent, there isn't any discussion or
 22 suggestion that the fluid that is used with Figure 1,
 23 that device is any different than the fluid that is used
 24 with any of the other devices? Would you agree with me
 25 on that?

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1 A. I don't believe there is any differentiation of the
 2 fluid.
 3 Q. Right. So the way that the fluid is described in
 4 this reference, same fluid for Figure 1, Figure 2, Figure
 5 7, Figure 8; correct?
 6 A. That's correct.
 7 Q. All right. Now, I believe you testified here just
 8 now that you believe that this claim, Claim 1, also covers
 9 Figures 7 and 8; is that correct?
 10 A. That's correct.
 11 MR. BOBROW: Now, why don't we put Figures 7
 12 and 8 up on the board?
 13 BY MR. BOBROW:
 14 Q. Now, for Figures 7 and 8 to fall within the scope of
 15 Claim 1, this neutral electrode, right there, right here,
 16 would have to be located within the endoscope body;
 17 correct?
 18 A. That's correct.
 19 Q. And you recall that I took your deposition probably
 20 about two months ago; right?
 21 A. Oh, yes. That was fun.
 22 Q. And back at that time, when I did take your
 23 deposition, I asked you about this issue, didn't I?
 24 A. Yes, you did.
 25 Q. And I asked you whether or not, back at that time,

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1 whether or not you agreed with me that Claim 1 didn't
 2 cover Figures 7 and 8; correct?
 3 A. Yes.
 4 Q. And you were under oath at that time; right?
 5 A. Sure was.
 6 Q. Just like now?
 7 A. Yes.
 8 Q. And back at that time, you had also studied the
 9 Roos '198 patent before you testified?
 10 A. Yes.
 11 Q. The Roos '198 patent wasn't something I'd showed
 12 you that day and asked you questions about?
 13 A. I studied it intensely.
 14 Q. Right. And when I asked you for the first time
 15 about whether or not Claim 1 covered Figures 7 and 8, you
 16 told me under oath, you didn't?
 17 A. That's right.
 18 Q. You remember that very well?
 19 A. That's right. Because I corrected it.
 20 Q. Right. You corrected it after lunch, didn't you?
 21 A. Yes, I did.
 22 Q. You corrected it after you had lunch with Smith &
 23 Nephew's lawyers?
 24 A. I actually corrected it because I looked at the
 25 diagram again.

1 Q. Please answer my question.
 2 A. I did have conversation after lunch, yes, and with
 3 lunch.
 4 Q. And that was Mr. MacFerrin, Smith & Nephew's attorney?
 5 A. Yes.
 6 Q. And Mr. MacFerrin, during your deposition, was also
 7 acting as your lawyer; right?
 8 A. Yes.
 9 Q. You were represented by the very same lawyers that
 10 are representing Smith & Nephew here in court today; isn't
 11 that right?
 12 A. Yes.
 13 Q. And you had been retained or you had retained that
 14 firm and you considered there to be an attorney/client
 15 privilege between discussions that you had with Smith &
 16 Nephew's lawyers; correct?
 17 A. Yes.
 18 Q. And I asked you some questions during the
 19 deposition and you refused to answer some of them based
 20 upon the fact there was an attorney/client relationship?
 21 MR. MARSDEN: objection. This is improper
 22 questioning about assertions of the attorney-client
 23 privilege.
 24 THE COURT: What are we going with this, Mr.
 25 Bobrow?

1 MR. BOBROW: I believe it goes to the
 2 credibility of the advice of the witness.
 3 THE COURT: Because he didn't answer questions
 4 at a deposition?
 5 MR. BOBROW: Based upon his relationship with
 6 the Smith & Nephew's lawyers.
 7 MR. MARSDEN: Based upon privilege.
 8 THE COURT: And what was the last question that
 9 you asked?
 10 MR. BOBROW: The last question I believe was
 11 that he had refused to answer questions I had asked him at
 12 the deposition based upon the attorney/client relationship
 13 that he had with his lawyers.
 14 THE COURT: All right. That's an appropriate
 15 question, but then you need to move on.
 16 THE WITNESS: Where were we?
 17 BY MR. BOBROW:
 18 Q. I just asked the question, you refused to answer
 19 some questions that I asked you during your deposition
 20 based upon the attorney/client relationship with the same
 21 lawyers that are representing you as Smith & Nephew?
 22 A. Yes.
 23 Q. And you're not paying and haven't paid the Smith &
 24 Nephew's lawyers any money for their services, have you?
 25 A. No, I have not.

1 Q. You understand that the time that they've spent with
 2 you has been reimbursed or compensated by Smith & Nephew;
 3 right?
 4 A. I certainly understand they're being reimbursed by
 5 Smith & Nephew.
 6 Q. Now, not only did you testify when I asked you in
 7 your deposition that these Figures 7 and 8 aren't covered
 8 by Claim 1 the first time I asked you, but after lunch,
 9 you did come in and you said your testimony was now
 10 different, that you believed it was covered by Claim 1;
 11 right?
 12 A. I made a mistake, yes, and I corrected it.
 13 Q. And isn't it true also that Smith & Nephew's lawyer
 14 during that lunch break pointed out that mistake to you?
 15 A. Yes, he did.
 16 Q. Right. And during that lunch, Mr. MacFerrin was
 17 the one who said, Hey, I think that this was wrong with
 18 respect to Figure 7, it is covered by Claim 1 and let's
 19 go through it; right?
 20 A. I don't think it was exactly that way. I think
 21 basically he asked me to refer back to my report, remember
 22 what I said in my report.
 23 Q. Well, let's look at that because in your report,
 24 you also talked about whether Claim 1 covers Figure 7;
 25 correct?

1 A. Yes.
 2 Q. And in your report, you addressed the question of
 3 whether or not this neutral electrode, right here, and
 4 right here, whether that neutral electrode is an electrode
 5 that is within the endoscope body; correct?
 6 A. Yes.
 7 Q. And that was a report that you prepared prior to
 8 the deposition back in I believe it was late March; right?
 9 A. Are you referring to the report or the deposition?
 10 Q. I'm sorry that I was unclear. Let me try to restate
 11 it. The report that you prepared where you discuss Figure
 12 7, that report was prepared before I took your deposition;
 13 right?
 14 A. Yes.
 15 Q. All right. And even before I took your deposition,
 16 you also signed a declaration about your report, didn't
 17 you?
 18 A. Oh, yes. Yes.
 19 Q. And you declared under the penalties of perjury that
 20 you believed what you said in your report was true?
 21 A. Right.
 22 Q. And that was a report that you had prepared prior to
 23 your deposition; right?
 24 A. Right.
 25 Q. And, obviously, prior to the lunch that you had with

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1 Mr. MacFerrin during the middle of the deposition; correct?
 2 A. Correct.
 3 Q. All right. Now, I have your report in that white
 4 binder, and I direct your attention, please, to Page 18
 5 of your report. This is your expert report of February
 6 17, 2003.
 7 Do you have that, sir?
 8 A. Yes.
 9 Q. And in the middle of page 18, you address in your
 10 report the question of whether Claim 1 covers Figures 7
 11 and 8; right?
 12 A. Yes.
 13 Q. And when you wrote your report, let's just -- when
 14 you wrote your report, what you wrote was, quote, it is
 15 particularly important to note that in connection with
 16 the endoscope shown in the Roos '198 patent at Figures 7
 17 and 8, there is no plastic cover and the neutral electrode
 18 is on the outside of the endoscope, not arranged within it.
 19 Correct? That's the sentence you wrote in
 20 your report of February 17 of 2003; correct?
 21 A. Yes, that's in the report.
 22 Q. Right. And what you just wrote there, not arranged
 23 within it, those were your words; correct?
 24 A. Yes.
 25 Q. You wrote those words yourself; right?

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1 A. Yes.
 2 Q. And you wrote those words to describe Figures 7 and
 3 8; right?
 4 A. That's right.
 5 Q. Now, in connection with your work on this matter, I
 6 take it that you have also reviewed --
 7 A. Excuse me. Can I put this away?
 8 Q. Sure.
 9 (Pause.)
 10 BY MR. BOBROW:
 11 Q. You have also reviewed another patent to Mr. Roos;
 12 correct?
 13 A. The '667? Is that the one are you talking about?
 14 Q. Exactly. You reviewed that reference, the Roos
 15 '667 patent, in connection with your work on this matter;
 16 right?
 17 A. Yes, I did.
 18 Q. And you, in fact, considered this reference at the
 19 time that you wrote your report; correct?
 20 A. Yes.
 21 Q. All right.
 22 MR. BOBROW: Your Honor, may I approach?
 23 THE COURT: Yes, you may.
 24 (Document passed forward.)
 25

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1 BY MR. BOBROW:
 2 Q. Sir, I have had handed you PX-605, which is a patent
 3 to Roos, Eberhard Roos from Germany, U.S. Patent Number
 4 4,706,667.
 5 Do you see that?
 6 A. Yes.
 7 Q. And this is the Roos patent that you considered in
 8 connection with your work on this matter; is that right?
 9 A. It looks like it's the patent. Yes. Excuse me.
 10 MR. BOBROW: Pardon me, Dr. Taylor.
 11 Your Honor, I move PX-605 into evidence.
 12 THE COURT: Any objection?
 13 MR. MARSDEN: No objection.
 14 THE COURT: All right. Thank you.
 15 THE DEPUTY CLERK: so marked.
 16 *** (Plaintiff's Exhibit No. 605 was received into
 17 evidence.)
 18 BY MR. BOBROW:
 19 Q. Now, the '667 patent was issued to Eberhard Roos;
 20 right?
 21 A. Yes.
 22
 23
 24
 25

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1
 2 Q. He is the same man who is on the Roos '198 patent
 3 that you talked about earlier on your direct examination;
 4 correct?
 5 A. Yes, he is.
 6 Q. And he is the same man who is the Roos in the
 7 Elsasser and Roos article; right?
 8 A. Yes, he is.
 9 Q. And this patent is dated in, issued in November 1987;
 10 correct?
 11 A. Yes.
 12 Q. In this patent, the '667 patent, Mr. Roos actually
 13 talks a bit about the German application that was the
 14 predecessor, or sometimes it is called the parent
 15 application, to what ended up issuing as the Roos '198
 16 patent; correct?
 17 A. Yes. You are talking about -- do you have a
 18 specific reference?
 19 Q. Sure. Why don't we bring up Column 1 of the '667
 20 patent, beginning at Line 14, going down to Line 29.
 21 Perhaps we can highlight that paragraph.
 22 You will see at the top there it refers to a
 23 known electrosurgical high-frequency cutting instrument of
 24 this kind. Then it gives a number that begins DE-OS. And
 25 it goes on there in there; right?

1 A. Yes.
 2 Q. And the DE stands for Germany; right?
 3 A. Deutsch, yes.
 4 Q. Exactly. What is being referred to here in the
 5 '667 patent, when it refers to that No. 25 21 719, that
 6 is actually the German parent application to the Roos
 7 '198 patent; right?
 8 A. That's correct. At least that's my understanding,
 9 anyway.
 10 Q. In fact, on the '198 patent, that number, 25 21 719,
 11 appears right on the front, doesn't it?
 12 A. It does.
 13 Q. Here, in the '667 patent, in this paragraph, Mr.
 14 Roos is talking about one of the instruments that is
 15 described here in the '198 patent; correct?
 16 A. You are talking about the paragraph that starts at
 17 Line 14, going down?
 18 Q. Exactly. And he is talking there, is he not, of
 19 at least Figure 1 of the '198 patent?
 20 A. He is talking about -- I am not sure which one he
 21 is referring to, he is talking about one of the
 22 instruments in that application.
 23 Q. Right. And he says there that the neutral electrode
 24 is admittedly arranged in the immediate vicinity of the
 25 cutting loop. It is, however, so separated from the tissue

1 by a plastic cover or by its arrangement in an endoscope
 2 that it can only enter into electrical contact with the
 3 cutting electrode electrolytically via the secretion which
 4 is present during the cutting process.
 5 You see what I am referring to there?
 6 A. Yes.
 7 MR. BOBROW: why don't we put up Figure 1 of
 8 the '198 patent to Roos? Paragraph. If we can put it up
 9 on the same screen... If not, just put up the '198
 10 BY MR. BOBROW:
 11 Q. There we have Figure 1. You can see in Figure 1, can
 12 you not, there is this sort of shadow right there, that's
 13 the plastic cover; right? This portion that sticks out
 14 over this endoscope; right?
 15 A. The one that is labeled 11?
 16 Q. I think it's labeled 18, right there. That's the
 17 plastic cover; right?
 18 A. Yes.
 19 Q. And what we just read in the Roos '667 patent, the
 20 later patent, it's talking there about an electrode that
 21 is separated from the tissue by a plastic cover; right?
 22 A. Sorry. Say that again?
 23 Q. In the '667 patent, it talks about a cutting
 24 electrode that is separated from the tissue by a plastic
 25 cover?

1 A. Yes.
 2 Q. So it is pretty clear, is it not, that at the very
 3 least, in the '667 patent, Mr. Roos is talking about Figure
 4 1; correct?
 5 A. Well, he certainly could be. Certainly, the Figure
 6 1 that is in the '198 patent may be the figure that he is
 7 discussing here -- or the configuration, I should say, that
 8 he is discussing in the '667. He didn't specifically call
 9 it out. So we are surmising here, I guess, aren't we?
 10 Q. Given that there is the plastic over that embodiment
 11 and there isn't plastic over any other one, wouldn't you
 12 agree that what he is talking about there is Figure 1?
 13 A. Most likely. But I can't confirm it. It's most
 14 likely the case.
 15 Q. Fair enough. So here, for this embodiment -- this is
 16 a bipolar embodiment; right?
 17 A. That's my understanding, yes.
 18 Q. This is an embodiment that Mr. Roos in his '198 patent
 19 said was used with washing liquid; correct?
 20 A. Yes.
 21 Q. Those are the words that Mr. Roos used in the '198
 22 patent that you talked about on your direct examination?
 23 A. That's correct.
 24 Q. And if we can go back to the '667 patent and
 25 highlight that language, what Mr. Roos is saying there

1 in this patent is that using this device as it was
 2 designed, that the return electrode and the treatment
 3 electrode can only enter into electrical contact with
 4 the cutting electrode electrolytically via the secretion
 5 which is present during this cutting process.
 6 Right? That's what he says?
 7 A. That's what he says.
 8 Q. Wouldn't you agree with me, sir, that if there were
 9 saline or Lactated Ringer's that were present in that
 10 fluid, in that washing liquid as he describes, one would
 11 not need secretions from the body to make that fluid
 12 electrically conductive so as to electrically connect
 13 the treatment electrode with the neutral electrode? The
 14 liquid would already be conductive and secretions wouldn't
 15 be needed; isn't that right?
 16 A. And that's actually one of the reasons why this
 17 particular passage in '667 is confusing, because of the
 18 fact that we know that at least one configuration of Roos
 19 works, clinically works, because he couldn't have
 20 conducted 32 procedures without being able to resect
 21 tissue. And he did resect -- let me finish, please. He
 22 did resect tissue using washing liquid.
 23 So that's one of the reasons why this
 24 particular passage is confusing to me.
 25 Q. Well, let's back up a little bit then, because you

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1 also testified earlier about the Roos and Elsasser article;
 2 correct?
 3 A. Yes.
 4 Q. And the Roos and Elsasser article talks about some
 5 surgeries that were performed; right?
 6 A. Correct.
 7 Q. And in the Roos and Elsasser article, the instrument
 8 that was used was essentially the instrument from Figures
 9 7 and 8 of the '198 patent; right? That's the one that was
 10 used to perform the surgery?
 11 A. That configuration was the one that was used to
 12 perform the surgeries. They also tried another
 13 configuration, and I have forgotten which figure it
 14 refers to in the patent, that worked but not as well.
 15 Q. But the one in reference to that you said was used
 16 in surgery, that is Figures 7 and 8 in the '198 patent?
 17 That's the one that is described?
 18 A. Absolutely.
 19 Q. Not Figure 1, correct, but they describe Figures 7
 20 and 8?
 21 A. Okay.
 22 Q. So my questions have to do right now with what is
 23 described here for Figure 1 and this language here in
 24 '667.
 25 Now, wouldn't you agree with me, sir, that if

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1 the liquid used with Figure 1 were electrically conductive
 2 fluid when it was introduced into the surgical site, that
 3 secretions into the fluid would not be necessary in order
 4 to make it electrically conductive so as to electrically
 5 couple the active and the return electrode together?
 6 Wouldn't you agree with that?
 7 A. I would agree with you. But once again, it's
 8 confusing, because I think you have already established,
 9 in the course of your examination on me, that the washing
 10 liquid that was used in '198 is the same washing liquid
 11 throughout; right? And, therefore, if the washing liquid
 12 that was used -- that was used throughout all the
 13 different configurations, if the washing liquid was
 14 successful in Figures 7 and 8, clinically, then it must
 15 have been electrically conductive fluid. There is a
 16 logical connection there.
 17 Q. Well, that's what you are saying now. But isn't
 18 it true, sir, that electrical current can flow through
 19 electrically nonconductive fluids? Isn't that true?
 20 A. Yes, it can.
 21 Q. And isn't it also true that if an electrically
 22 nonconductive fluid were introduced into the surgical site,
 23 that you would need secretions from the body in order to
 24 make the fluid conductive so as to maintain a good
 25 electrical connection, electrolytic connection between the

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1 treatment electrode and the neutral electrode? Isn't that
 2 true?
 3 A. Explain to me the logic again?
 4 Q. I am simply saying, sir, that if electrically
 5 nonconductive fluid were introduced, if that was
 6 introduced into the body, then in order to electrically
 7 connect and have a good electrical connection between the
 8 treatment electrode and the neutral electrode, you would
 9 need to have secretions from the body in order to make
 10 that fluid electrically conductive?
 11 A. In which case the fluid would be electrically
 12 conductive, right.
 13 Q. I am simply saying if you introduce a nonconductive
 14 fluid and there are secretions into the fluid, then you
 15 would need those secretions to have an electrolytic
 16 connection between the treatment electrode and the neutral
 17 electrode; right?
 18 A. I follow your logic. And once again --
 19 Q. Can you please answer the question?
 20 A. The answer is yes. I follow your logic, but it's
 21 confusing. That's all.
 22 Q. But I just want it to be clear that your answer to
 23 my question is if you introduce an electrically
 24 nonconductive fluid, you would need secretions from the
 25 body to couple the treatment electrode to the return

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1 electrode. Is that a true statement?
 2 A. I think the answer is yes. But I still think it's
 3 confusing.
 4 Q. All right. Now, let's see if we can go through the
 5 rest of this paragraph and see if there is any more
 6 clarity here, because it also says, in this paragraph in
 7 Column 1, that because of this problem, that the device
 8 was relying upon tissue dissections, it says that it was
 9 difficult to maintain the current intensity required for
 10 trouble-free cutting in a required, precisely defined
 11 manner at the cutting electrode.
 12 Do you see that?
 13 A. Yes.
 14 Q. And the import of that is that the fluid that was
 15 being used with this Roos '198 patent, Figure 1, was that
 16 the fluid wasn't sufficiently conductive to be able to do
 17 trouble-free cutting; correct?
 18 A. One of the problems I am having with this is, this
 19 particular paragraph doesn't even reference any fluid at
 20 all. So I am wondering if this device wasn't used or
 21 intended to be used for open surgery.
 22 Q. Well, that is not how it's described in the '198
 23 patent, is it? In the '198 patent it says that Figure 1
 24 is used with washing liquid; right?
 25 A. The thing is, if you read the first sentence, in a

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1 known electrosurgical high-frequency cutting instrument
 2 of this kind, does that mean it is exactly the same or
 3 does that mean it is sort of similar?
 4 Q. In that description he cites specifically to the
 5 parent application to the '198 patent; right?
 6 A. I agree with you on that.
 7 Q. In the '198 patent, every single device that is
 8 described in there is designed for use with fluid;
 9 correct?
 10 A. Yes, it is.
 11 Q. And in every single one of those, every single
 12 embodiment in the Roos '198 patent is described as being
 13 used with some type of washing liquid; correct?
 14 A. It is.
 15 Q. All right. Now, wouldn't you agree with me that
 16 what Mr. Roos is saying here in his patent, when he is
 17 describing the parent application to the '198 patent, he
 18 is saying here that when you use this instrument that
 19 there was not sufficient discretion from the body to make
 20 the fluid sufficiently conductive so that you could get
 21 trouble-free cutting? Isn't that the import of this
 22 paragraph?
 23 A. He is saying that. But there is no reference to any
 24 other fluid.
 25 Q. But that is the import of this paragraph; correct?

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1 A. Yes.
 2 Q. All right. Now, I have another question about the
 3 Roos '198 patent.
 4 If we could put that back up and take the '667
 5 patent down...
 6 In the '198 patent, there are of course a large
 7 number of figures and we have gone through a couple of those
 8 already; correct?
 9 A. Right.
 10 Q. I think earlier you had put up on the overhead
 11 Figures 7 and 8 when you were going through your direct
 12 examination; correct?
 13 A. Yes, I did.
 14 Q. And one of the things that you said was that in the
 15 '198 patent that there is a disclosure of a connector;
 16 correct?
 17 A. Yes.
 18 Q. And you said that the connector was located, the
 19 language of the claim says that the connector is near the
 20 proximal end of the shaft; right?
 21 A. Yes.
 22 Q. And so it's your testimony here today that the
 23 figures of the '198 patent show there is a connector near
 24 the proximal end of the shaft; is that right?
 25 A. Yes.

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1 Q. And so I take it what that means is that you have
 2 been able to review the Roos '198 patent and you have been
 3 able to locate somewhere in those figures some discussion
 4 of the location of where the connector is to connect back
 5 to the generator; right?
 6 A. Well, there is a connector. There has to be.
 7 Q. I am not asking you that question. I am saying
 8 that you have been able to review the '198 patent and you
 9 have been able to discern some description in there of
 10 the location of the connector. Not that there is one.
 11 But the specific location of it; right?
 12 A. There is not a specific reference to a location of
 13 the connector.
 14 Q. All right. So here, when you marked on this board
 15 that the limitation was met, that the connector is near
 16 the proximal end of the shaft, the Roos '198 doesn't say
 17 where the connector is; correct?
 18 A. The patent does not say -- the patent does not say
 19 explicitly where the connector is located.
 20 Q. All right. Now, since we are on the subject of Mr.
 21 Roos --
 22 A. You do realize that all resectoscopes have connectors
 23 at the back end of the resectoscope.
 24 Q. I don't realize that. In all events, in the '198
 25 patent, there is no discussion of where the connector is;

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1 correct?
 2 A. That's correct, yes.
 3 Q. When you said there is that discussion, that wasn't
 4 true, was it?
 5 A. No, but then again --
 6 Q. There is nothing in the '198 patent that says that;
 7 correct?
 8 A. There is nothing in the '198 patent that says it
 9 explicitly. But there are no resectoscopes on the market
 10 that don't have a connector at the end, on the back of
 11 the resectoscope.
 12 Q. In the market, you said?
 13 A. In the market.
 14 Q. Why don't we turn, then, to DTX-39-A and B. This is
 15 the Roos and Elsasser article. Perhaps we can put up the
 16 German language original. Do you have that, sir?
 17 A. Yes.
 18 Q. Why don't we go to Figure 3.
 19 Now, if we can highlight Figure 3, please.
 20 Here in the Roos and Elsasser article, in the first part of
 21 the article, once again, there is a discussion of a
 22 monopolar TURP procedure; correct?
 23 A. You are asking me if there is a discussion of
 24 conventional TURP?
 25 Q. Monopolar?

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- 1 A. Yes, there is.
- 2 Q. And Figure 3 is one of the figures that Roos and
- 3 Elsasser used to describe that conventional monopolar
- 4 procedure; correct?
- 5 A. I am just reading the English version of this.
- 6 Q. Fair enough. I am, too.
- 7 A. Yes, it is.
- 8 Q. And so what is being shown here in Figure 3 is a
- 9 resectoscope that is being inserted into the body;
- 10 correct?
- 11 A. Well, I believe what is being shown here, you have
- 12 got the resectoscope there. This represents the bladder.
- 13 And this represents the prostate.
- 14 Q. So right here, that region that I am circling now,
- 15 which is cross-hatched at about a 45-degree angle, that
- 16 area there is the prostate; is that right?
- 17 A. That is correct.
- 18 Q. And that's tissue?
- 19 A. Yes, us men would consider it to be tissue.
- 20 Q. Fair enough. And so here, this is the tip of the
- 21 resectoscope; right?
- 22 A. Yes.
- 23 Q. The part that I am circling there. And this little
- 24 loop here, that is the treatment electrode; correct?
- 25 A. That's the cutting loop, yes.

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- 1 Q. And these lines here that go back to the
- 2 resectoscope, those are current flux lines; correct?
- 3 A. Yes.
- 4 Q. And what is being depicted here is current flux
- 5 lines between this loop and the flux lines going back to
- 6 essentially a metal portion of this resectoscope; right?
- 7 A. That's right.
- 8 Q. And you already said that this is a monopolar
- 9 embodiment; correct?
- 10 A. For conventional -- yes.
- 11 Q. What is depicted here is monopolar; right?
- 12 A. Right.
- 13 Q. There is no return electrode there, is there?
- 14 A. Right.
- 15 Q. What this is then showing is current flow through
- 16 what must have been electrically nonconductive fluid
- 17 because that is the fluid that was used in monopolar
- 18 electrosurgery; correct?
- 19 A. Actually, this diagram is not entirely correct,
- 20 because what actually happens is you have current flux
- 21 lines that flow back to almost all parts of the body,
- 22 including at the endoscope.
- 23 Q. But this is showing current flow through what must
- 24 have been a nonconductive fluid because nonconductive
- 25 fluids were used in monopolar TURP procedures; right?

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- 1 A. It does show current flow. Like I said, it is not
- 2 entirely correct.
- 3 Q. But let's talk about the part that is correct. I
- 4 think it's correct, isn't it, that this fluid that the tip
- 5 of this device is in would have been essentially something
- 6 like glycine or some similar electrically nonconductive
- 7 fluid. You wouldn't in a monopolar device using saline
- 8 or Ringer's lactate?
- 9 A. The Europeans favor mannitol. But it could have been
- 10 glycine.
- 11 Q. In all events, it could have been glycine; right?
- 12 A. That's correct.
- 13 Q. Now, similar to the '198 patent, the Roos article
- 14 doesn't use the word saline; correct?
- 15 A. It uses washing liquid or washing fluid, something to
- 16 that effect.
- 17 Q. I think it's to that effect. The words are a little
- 18 bit different. But he doesn't use saline; correct?
- 19 A. He does not use saline.
- 20 Q. He doesn't use Ringer Lactate or Lactated Ringer's?
- 21 A. Correct.
- 22 Q. I think what he does say, if you look at the English
- 23 translation at Page 2, it's described as irrigation liquid;
- 24 correct? About the middle of the page, sir.
- 25 A. Yes. The irrigation liquid.

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- 1 Q. And so that irrigation liquid would have been glycine
- 2 or mannitol or some electrically nonconductive fluid;
- 3 right?
- 4 A. I think at this point, isn't he talking about his
- 5 invention, the actual --
- 6 Q. Well, this is a discussion of Figures 2, 3 and 4.
- 7 And so we are talking here about a conventional approach;
- 8 correct?
- 9 A. Oh, I am sorry. Yes, you are right.
- 10 Q. Fair enough.
- 11 Now, just to anticipate maybe where you were
- 12 going, if you turn to page and look at Page 4, I believe
- 13 here he is talking about the bipolar embodiments; right?
- 14 This is the beginning of that discussion?
- 15 A. Yes, that's right.
- 16 Q. And in Paragraph No. 1, at the very end of that
- 17 sentence, he talks about the fluid that is used. Do you
- 18 see that?
- 19 A. Yes.
- 20 Q. And he calls it irrigation liquid; right?
- 21 A. Yes.
- 22 Q. And those are the same words that he used to describe
- 23 the fluid that was used for the monopolar embodiment on
- 24 the previous page; correct?
- 25 A. Yes. Not the same fluid, but yes.

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1 Q. He describes them using the exact same words,
 2 doesn't he?
 3 A. He uses the exact same words, yes. But that doesn't
 4 necessarily mean it's the same exact fluid.
 5 Q. The same words are used; right?
 6 A. Yes.
 7 Q. Now, let's go back to the previous page.
 8 A. Are we on Page 3 now?
 9 Q. I am sorry. I believe we are on Page 2. Again,
 10 this is the monopolar embodiment, so we know that it would
 11 be mannitol or glycine or some similar fluid; correct?
 12 A. That's right.
 13 Q. Now, if you look at the English language text for
 14 Figure 3 that we were looking at earlier, do you have
 15 that, at the very bottom of Page 2?
 16 A. Right.
 17 Q. And in that description, Mr. Roos and Mr. Elsasser
 18 are describing that current flows directly from the
 19 cutting loop to those parts of the resectoscope projecting
 20 into the irrigation fluid. Do you see that? That's in
 21 the text at the very bottom of Page 2.
 22 A. Yes.
 23 Q. So here in the article, Elsasser and Roos are talking
 24 about current flow in the monopolar embodiment; right?
 25 From the cutting loop back to the resectoscope; correct?

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1 A. Yes.
 2 Q. Let me shift gears and ask you some questions about
 3 the Doss '007 patent. Do you have that, sir? That's
 4 DTX-17.
 5 A. I have it in front of me, yes. Yes, I do.
 6 Q. And the Doss patent is one of the patents that you
 7 talked about on your direct examination with respect to
 8 the '536 patent; correct?
 9 A. Yes.
 10 Q. And the Doss patent is a patent that was actually
 11 cited during the prosecution of the '536 patent itself;
 12 right?
 13 A. I will take your word for it. There were a lot of
 14 patents that were cited and I don't have that in front
 15 of me. So I will take your word for it.
 16 Q. Why don't we actually show it.
 17 MR. BOBROW: why don't we pull up JTX-17
 18 BY MR. BOBROW:
 19 Q. And if you look in the U.S. patent document section,
 20 if you highlight that, you will see, I believe it's the
 21 fifth one down, it says, 4,381,007 to Doss.
 22 Do you see that?
 23 A. It is verified, you are right.
 24 Q. And so the document that you were describing earlier
 25 as the Doss patent, that patent was considered by the

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1 Patent Office in relation to the prosecution of the ' 536
 2 patent?
 3 A. That's correct.
 4 Q. And the '536 patent and its claims issued over this
 5 Doss patent; right?
 6 A. That's correct.
 7 Q. And the Doss patent also was given to the Patent
 8 Office in connection with the re-examination of the 536
 9 patent; correct?
 10 A. Once again, there were a lot of patents that were
 11 considered.
 12 Can you show me that, just so we can clarify
 13 it?
 14 Q. Maybe we will get to that a little later. Why don't
 15 we talk about what is actually in the Doss patent at this
 16 point?
 17 A. Okay.
 18 Q. Now, in the Doss patent, why --
 19 MR. BOBROW: Why don't we put up Figures 7 and
 20 8?
 21 BY MR. BOBROW:
 22 Q. I think those were the figures that you had up
 23 earlier.
 24 In this patent, this was the figure that you
 25 had up earlier, right, just without the colors?

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1 A. Yes.
 2 Q. And now, in the text of this patent, the Doss patent,
 3 in the text of it, there is no description of any of the
 4 electrodes that are shown in this embodiment.
 5 They are never described as being a return
 6 electrode; correct?
 7 A. We specifically mentioned those words are not
 8 specifically used, return electrode?
 9 Q. That's correct.
 10 A. Yes.
 11 Q. Return electrode is not a term that is used here,
 12 is it, in the Doss '007 patent?
 13 A. Just hold on a second.
 14 I don't believe it's used.
 15 Q. Right. In fact, if you look at Column 4, it says,
 16 tubular electrodes 34 and 36, for example? There are
 17 other places, as well. But in each case where it
 18 describes the electrodes it calls them electrodes. It
 19 doesn't call them, for example, a return electrode;
 20 correct?
 21 A. No, it does not.
 22 Q. Now, in the various embodiments of the '007 patent,
 23 would you agree that each of the electrodes in this
 24 configuration is designed in a way that it will have a
 25 high current density at the tip?

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1 A. No, I would not.
 2 Q. All right. So just to be clear, your testimony is --
 3 let me ask it specifically again, just so it is clear.
 4 Would you agree with me that each of the electrodes in
 5 the figures of the Doss patent is designed in a way that
 6 will have a high current density? Do you disagree with
 7 that?
 8 A. When you say high, are you saying that both
 9 electrodes have high current densities. Is that your
 10 question?

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1
 2 Q. Each of the electrodes is designed in a way that
 3 will have a high current density. That's the question.
 4 A. I think the answer may be yes, but I think one of
 5 the electrodes will have a higher current density than the
 6 other.
 7 Q. That's not my question, sir.
 8 A. Okay. I understand.
 9 Q. My question is in this patent, for each embodiment,
 10 in each of the figures, is each of the electrodes designed
 11 in a way that will have a high current density?
 12 A. I'm not sure I agree with that.
 13 Q. Well, you recall I asked you about the Doss patent
 14 at your deposition, don't you?
 15 A. Yes.
 16 Q. And you had reviewed and studied the Doss patent
 17 before the deposition; right?
 18 A. Yes.
 19 Q. And again, the Doss patent was a reference that you
 20 talked about in your report; correct?
 21 A. Yes.
 22 Q. All right. Now, if you would please turn to Page 481
 23 of your deposition... That is in a white binder.
 24 A. Which day?
 25 Q. Pardon me?

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1 MR. BOBROW: Oh, no. Please don't.
 2 I apologize, your Honor. I didn't know that
 3 was going to be put up.
 4 THE COURT: Okay.
 5 BY MR. BOBROW:
 6 Q. This is in the second tab, Taylor deposition, March
 7 28, 2003. And this is Page 481.
 8 Do you have that sir?
 9 A. Yes.
 10 Q. And at Page 481, I asked you the following question
 11 and you gave the following answer.
 12 "Question: If you look at the figures in text
 13 of the Doss '007, would you agree that each of the
 14 electrodes in the embodiments described is designed in a
 15 way that it will have a high current density?"
 16 And in response to my question, you answered in
 17 your deposition:
 18 "Answer: Yes."
 19 Is that correct?
 20 A. Yes.
 21 Q. Now, in the devices in Doss, there are a number of
 22 them that are depicted; correct? Probably seven or eight
 23 figures; correct?
 24 A. There are a number of figures, yes.
 25 Q. And would you agree with me that in each of the

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1 embodiments, the current density of one of the electrodes
 2 is substantially the same as the current density of the
 3 other electrode or electrodes in that configuration?
 4 MR. BOBROW: Why don't we put Figure 7 back
 5 up?
 6 THE WITNESS: Can you -- are you going to put
 7 the figure back up?
 8 BY MR. BOBROW:
 9 Q. Well, actually, why don't you just answer the
 10 question, sir? Would you agree with me that each of the
 11 electrodes has substantially the same current density as
 12 the other electrode for any given one of the devices that
 13 is used or described in that patent?
 14 A. I don't think that's correct.
 15 Q. All right. Well, remember I talked to you about
 16 this in your deposition as well; correct?
 17 A. Right.
 18 Q. And you answered my question at that time under oath,
 19 didn't you?
 20 A. Yes, and I think I misunderstood your question, but
 21 that's --
 22 Q. All right. Well, we can get to that in just a
 23 minute. If you take a look, please, at Page 482 of your
 24 deposition.
 25 Do you have that, sir?

1 A. Yes, I do.
 2 Q. And at that time, I asked you the following questions
 3 and you gave the following answer:
 4 "Question: And in each of the embodiments
 5 shown, would you agree that the current density in each of
 6 the electrodes is substantially the same as each of the
 7 other electrodes in the embodiment?"
 8 And there was an objection by Mr. MacFerrin and
 9 you gave the answer:
 10 "Answer: Does that mean from one embodiment
 11 to another or just within the same embodiment?"
 12 "Question: Good question. Within the same
 13 embodiment is what I meant, that the electrodes had
 14 substantially the same current density?"
 15 "Answer: It would appear that that is
 16 correct."
 17 That's the testimony you gave back on March
 18 28th, 2003; correct?
 19 A. That is testimony, and it is also a mistake.
 20 Q. So you believe your testimony back then was mistaken;
 21 is that correct?
 22 A. I made an error, yes.
 23 Q. Did you correct that mistake?
 24 A. No, I was under the impression I could not correct
 25 testimonial mistakes. I could only correct typographical

1 errors or grammatical errors.
 2 MR. BOBROW: Let's put Figure 7 up, okay?
 3 BY MR. BOBROW:
 4 Q. Now, here in this figure, this is the one you had up
 5 earlier; right?
 6 A. Yes, it is.
 7 Q. And there are here at the tip of the device some
 8 lines there. Do you see those?
 9 A. Yes.
 10 Q. Some dashed lines. And that's designed to represent
 11 a current flux line; correct?
 12 A. The dashed lines represent current flux, yes.
 13 Q. Right. And would you agree here that this is
 14 showing the current flux between these two electrodes;
 15 right?
 16 A. Yes.
 17 Q. All right. And would you also agree that each of
 18 the electrodes as shown here is designed to cause a tissue
 19 effect, in this case in the eye?
 20 A. Well, that's sort of goes to the heart of why I
 21 think there is an error on my part.
 22 Q. Well, but I would like you to answer my question,
 23 please?
 24 A. Okay. Repeat your question. I'm sorry. Repeat your
 25 question.

1 Q. Yes.
 2 A. If you would, please.
 3 Q. I was simply asking if each electrode in this probe
 4 design is designed to cause a tissue effect. That's my
 5 question.
 6 MR. MARSDEN: Your Honor, objection. This goes
 7 to an issue that dealt with claim construction. An issue
 8 which your Honor made a ruling.
 9 THE COURT: Well, why don't we take our lunch
 10 early because I have to think about that one.
 11 All right. Ladies and gentlemen, we'll take
 12 our lunch, a half-hour, and I'll just remind you not to
 13 discuss the case among yourselves.
 14 (At this point the jury then left the
 15 courtroom, and the following occurred without the presence
 16 of the jury.)
 17 THE COURT: All right. You may step down, sir.
 18 Let's have the question again and the objection.
 19 MR. BOBROW: I believe that the question was
 20 simply whether each of the electrodes in the probe of the
 21 Roos patent is designed to cause a tissue effect. And I
 22 believe that that is quite relevant, your Honor, to the
 23 claim construction here and to whether or not this device
 24 discloses an active electrode and return electrode and
 25 that's where the testimony is going.

1 MR. MARSDEN: Right, that is where the
 2 testimony is going. And they requested a claim
 3 construction that the return electrode could not have a
 4 tissue effect and your Honor rejected that construction,
 5 so that's not a basis on which to say this is not a
 6 return electrode. What your Honor ruled was that you look
 7 at the current density, so that line of questioning was
 8 appropriate, but the line of questioning regarding tissue
 9 effect is not.
 10 MR. BOBROW: But I believe the construction
 11 does talk about the active electrode stimulating the
 12 tissue so that is where this goes. I'm asking him whether
 13 or not each of the electrodes has that tissue effect such
 14 that you would have tissue stimulation. It's directly
 15 relevant, your Honor.
 16 THE COURT: So which claim construction are
 17 you talking about?
 18 MR. BOBROW: This has to do with the definition
 19 of an active electrode and the return electrode. And the
 20 definition of active electrode involves tissue stimulation.
 21 MR. MARSDEN: It's 8 and 9, your Honor.
 22 MR. BOBROW: And so I'm simply trying to
 23 understand and get testimony from this witness about the
 24 tissue stimulation effects that the different electrodes
 25 have in this embodiment.

1 THE COURT: All right. Well, certainly the
2 definition of active electrode is a stimulating electrode,
3 but the definition of a return electrode doesn't say
4 stimulate, it just says it has a large area of contact to
5 avoid a low current density. The only question is
6 whether this, the question you are asking, is misleading
7 because it is maybe inconsistent with what I've said.
8 MR. BOBROW: But, your Honor, respectfully, I
9 am certainly trying not to be misleading. I believe we
10 are entitled to argue to the jury -- pardon me. I believe
11 that I should be allowed to argue to the jury. I request
12 the opportunity to argue to the jury that both of these
13 electrodes are active electrodes and that both of them
14 have that tissue stimulation effect, that both of them
15 have a high current density, that both of them have sharp
16 edges and the like which would make them tissue treatment
17 or tissue stimulation electrodes.

18 THE COURT: Well, if you are saying there is
19 no difference between the two, I mean I do believe that
20 under this definition there has to be a difference between
21 the active and the return. If you are saying and your
22 point is that in the Roos prior-art reference there is no
23 difference between the two, then that is an appropriate
24 line of cross.

25 MR. BOBROW: And that's what I'm trying to

1 establish by the testimony that both of these have a
2 tissue effect. I think you heard, your Honor, in the
3 course of the testimony that, for example, the accused
4 devices are designed in a way that the return electrode
5 is very benign, that it doesn't arc, that it's not
6 designed to remove tissue or what-have-you because of its
7 size and otherwise.

8 And it's ArthroCare's position that both of
9 these electrodes are active, that both of them have a
10 tissue effect, have high current density and stimulate the
11 tissue. That's where we're going with this. I believe
12 it's a fair line of questioning.

13 MR. MARSDEN: The tissue effect is not part
14 of the definition of return electrode, and I think the
15 argument there is no return electrode in this particular
16 prior-art reference and because it does, in fact, have a
17 larger area of contact and a lower current density, it
18 does meet the Court's definition of return electrode.

19 THE COURT: Well, that's argument.

20 MR. BOBROW: That's argument.

21 THE COURT: I think that is argument.

22 I'm working the jury instructions and verdict
23 form. I apologize if I'm not keeping up to speed with
24 you all, but I think it's a fair line of questioning. All
25 right.

1 MR. MARSDEN: Thank you.

2 THE COURT: should we address the other issue?

3 MR. HEBERT: It's an issue Mr. Blumenfeld has.

4 THE COURT: Why don't we do that.

5 MR. BLUMENFELD: Your Honor, it's an issue I
6 raised this morning that Smith & Nephew advised us last
7 night that they intend to use with Mr. Raffle this
8 afternoon, the Ethicon license agreement and their antitrust
9 counterclaim. And when I asked Mr. Hebert this morning in
10 the hall whether he still intended to do that, he said yes,
11 because I had opened the door to that on my cross-
12 examination of Mr. Sparks. If I opened the door on the
13 Ethicon license and the antitrust counterclaim, I missed
14 it, and I guess it's to Mr. Hebert to explain how I did
15 that.

16 THE COURT: And what relevance it has in the
17 first instance.

18 MR. HEBERT: What this goes to, this is raised
19 in one of the motions in limine and ArthroCare moved in
20 limine to keep out evidence of the antitrust issues. Your
21 Honor conditionally granted that and said -- this is Item
22 No. 7 in motions in limine. It was granted so long as
23 ArthroCare does not introduce evidence regarding the
24 Ethicon license. And then the ruling goes on to deal with
25 the issue about the harmful effects which are talked about

1 here.

2 And Mr. Blumenfeld did get into this in cross-
3 examination of Mr. Sparks when he is asking him about a
4 Smith & Nephew document which talks about competition and
5 he directs him to that and he directs him to the portion
6 that discusses that Mitek and Stryker -- now, Mitek is a
7 division of Ethicon, so when it talks about Mitek, there
8 is no dispute about this, it's talking about Ethicon as
9 well. It's one and the same -- are paying royalties in
10 return for licensing the ArthroCare patents.

11 So that is what he was asking Mr. Sparks about
12 in his cross-examination. He was asking him if he knew
13 about the ArthroCare patents that were being discussed in
14 regard to that licensing point and document.

15 MR. BLUMENFELD: Your Honor, I have a
16 transcript. What I asked him, this is the question:

17 "Question: Under exceptive, at the top, if you
18 can highlight, in that section there is a reference to,
19 right in the middle, to key ArthroCare patents and I
20 highlighted the three words 'key ArthroCare patents.' Do
21 you see? It's the third line down.

22 "Answer: In that section?

23 "Question: At the top of the page.

24 "Answer: Right. I have got it.

25 "Question: Do you know what key ArthroCare

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1 patents were, what key ArthroCare patents were that Smith &
2 Nephew was referring to?"

3 That was my question and it had nothing to do
4 with licenses. I didn't ask about licenses. I haven't
5 asked anyone about licenses.

6 MR. HEBERT: But at the same time he asked the
7 question, he broadcast the marketing plan and highlighted
8 the portion of the marketing plan that talks about the
9 Mitek and Stryker paying royalties to ArthroCare in terms
10 of the licensing.

11 So that would be what we say would open the
12 door.

13 THE COURT: And what is the relevance of this
14 evidence in the first place, given the fact you have so
15 little time to present evidence in the second place?

16 MR. HEBERT: To undercut any suggestion that
17 the patents are strong because they're licensed. They're
18 licensed because of this very unusual relationship that
19 ArthroCare and Ethicon have entered into which gives rise
20 to the antitrust claim as opposed to any strength in the
21 patents.

22 It would only be a couple questions, two or
23 three questions.

24 THE COURT: Yes, but it's such a subtle point.
25 I don't believe that it's appropriate.

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1 All right. Let's take some time.

2 MS. BOYD: Your Honor, we would like to read
3 an Interrogatory response sometime before closing our case,
4 Interrogatory Response No. 7. We have an agreement, I
5 believe, from the other side.

6 THE COURT: Interrogatory Response No. 7?

7 MR. BOBROW: No objection.

8 THE COURT: All right.

9 MS. BOYD: Thank you.

10 (Luncheon recess taken at 1:10 p.m.)

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AFTERNOON SESSION

(Proceedings resumed at 1:30 p.m.)

THE COURT: All right. Let's bring the jury
in.

(At this point the jury entered the courtroom
and took their seats in the box.)

THE COURT: Mr. Bobrow.

MR. BOBROW: Thank you, your Honor. Good
afternoon, ladies and gentlemen.

BY MR. BOBROW:

Q. Good afternoon, Dr. Taylor.

A. Good afternoon.

Q. I believe that at the close of our session before
lunch, I had asked you a question, and there was an
objection to that. I think that issue has now been resolved.

Let me go back to that question. We were
talking about the Doss '007 patent; correct?

A. Correct.

Q. And I had asked you some questions, for example,
about Figure 7 of the Doss '007 patent. Do you recall,
that was the context for our discussion?

A. Yes.

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Q. And I asked you a question before lunch, and this is
the question I would now like you to answer: Is it true
that in the Doss '007 patent, that each electrode in each
of the probes is designed to cause a tissue effect, in
this particular case in the tissue of the eye?

A. Would you mind putting back the figures, the two
figures?

Thank you.

Q. So again, my question, sir, simply is, is each
electrode designed to cause a tissue effect?

A. Yes.

Q. Now, in this figure, we had talked about these
current flux lines before lunch.

Do you recall that?

A. Yes.

Q. And here -- and it's probably hard, given how shaky
I am with my pointer -- do you see that number 102?

A. Yes.

Q. And there is a region here right underneath this
electrode where it appears that the current flux lines
are not shown. Do you see that? Right in this region
here. Just above 102, it appears it is not showing a
current flux line in that region; correct?

A. That's correct, yes.

Q. Instead it is showing these flux lines going out

1 this way, from here in this case the right to the left,
2 and here from the left to the right.

3 Do you see what I am talking about there?

4 A. Yes.

5 Q. Now, imagine, if you would, instead of pointing down
6 in this fashion, you sort of looked at it end on and you
7 looked at those current lines end on. Do you have that in
8 mind now?

9 A. Yes.

10 Q. And if the current lines were as they are depicted
11 here, going from this electrode to here and from this
12 electrode to here, essentially, those current flux lines
13 would look sort of like a donut; right?

14 In other words, you have a hole in the middle,
15 where there weren't current flux lines, then you would
16 have some current flux lines in sort of a donut shape.
17 Is that fair?

18 A. Yes. I am not sure exactly how the donut would look.
19 It might not look like a regular donut we are familiar
20 with. A toroid of some sort.

21 Q. And a toroid is basically just a ring; correct?

22 A. It's a three-dimensional ring, yes.

23 Q. It is sort of like a washer that you might use with
24 a nut and a bolt; it's got a hole in the middle and there
25 is sort of a ring with some mass around it?

1 A. That's right. It's sort of a Thalman (phonetic)
2 washer.

3 Q. Why don't we take a look, then, at the Doss '007
4 patent. Specifically Column 5?

5 A. Which one is that again?

6 Q. The DTX number is 17.

7 A. 17.

8 Q. Okay. Do you have that, sir?

9 A. Which one was it again?

10 Q. Column 5. The paragraph that I have interest in,
11 actually, starts around Line 27. It begins, Figures 7
12 and 8.

13 MR. BOBROW: Chris, do you have that?

14 THE WITNESS: Okay, I see it.

15 BY MR. BOBROW:

16 Q. All right. And here, this part of the Doss '007
17 patent is talking about the figure that you had up in
18 direct examination and the figure, in fact, that we just
19 had up and were talking about with these donut or toroid-
20 shaped lines; correct?

21 A. That's correct.

22 Q. If you take a look at about Line 43, there is a
23 sentence that says, quote, An advantage of this particular
24 electrode configuration is that a ring or torus-shaped
25 treatment region can be realized, since electric current

1 flows essentially in a torus-shaped volume under and
2 between electrodes 72 and 74.

3 Do you see what I am referring to there?

4 A. Yes.

5 Q. Now, when it is referring there to a torus-shaped
6 volume, that is referring to the volume of tissue that
7 is being treated in this case by the electrosurgical
8 energy of this device; right?

9 A. That's what it would imply, yes.

10 Q. And the Doss patent is generally describing an
11 electrosurgical device that is designed to use this
12 current to provide some heating within the corneal and
13 other tissues of the eye; correct? It is supposed to
14 provide some deep heating, essentially?

15 A. Heating. I am not sure I would characterize it as
16 deep. It is designed to shape the cornea.

17 Q. So what this is saying then -- if we could back to
18 Figure 7 -- is that both of these electrodes here, which
19 it describes as electrodes 72 and 74, in each of these
20 regions, one to the left and one to the right, you will
21 have as a result of the current flow between those
22 electrodes a region of tissue that has been warmed or
23 heated and thereby treated within the eye, in this torus
24 shaped fashion; is that right?

25 A. Correct.

1 Q. Now, on the direct examination, you had said that
2 this Doss patent anticipates Claim 45 and -- and the
3 dependent claims with respect to the '536 patent; correct?

4 A. Yes.

5 Q. And one of the limitations of Claim 45 of the '536
6 patent, and thus a limitation in all of the claims that
7 depend from it, is the limitation that provides that you
8 have a connector near the proximal end of the shaft.

9 Do you recall that?

10 A. Right.

11 Q. And the proximal end of the shaft is sort of the
12 back part of the shaft, not the tip of the device that
13 you would be inserting in towards the tissue treatment
14 area, but removed from that towards the back; correct?

15 A. Yes.

16 Q. And here in the Doss '007 patent, would you agree
17 with me that there is no disclosure of where the connector
18 is located, in other words, there is nothing that tells
19 you where the connector is located with respect to the
20 shaft?

21 A. Hold on a second.

22 I believe that's correct. There is no
23 specific mention of the location of that.

24 ...

25

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1
2 Q. Okay. Now, you had also mentioned that you believe
3 that the Doss '007 patent anticipated some of the claims
4 of the '592 patent.
5 Do you recall that?
6 A. Yes.
7 Q. And I think that one of those claims was Claim 21 of
8 the '592, which talks about a voltage in the range of
9 from 500 volts to 1400 volts peak to peak; is that right?
10 A. Yes, that's the language I remember. Yes.
11 Q. And it's your testimony that the Doss '007 patent
12 necessarily discloses a voltage in the range of 500
13 volts peak to peak. Is that true?
14 A. I think it does disclose that range, yes.
15 Q. And the portion of the patent you base that
16 testimony on was a passage at the very beginning of the
17 text of the patent that talks about the voltage being
18 between about 20 and 200 volts RMS; correct?
19 A. That's correct.
20 Q. What did you when you did your calculation to go
21 from an RMS -- that stands for roots means square, does it
22 not?
23 A. Sure does.
24 Q. So to go from the root means square voltage to the
25 peak to peak voltage, you multiply the 200 that is set

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1 forth in the page by 2.83 and that gets your north
2 someplace of about 568 volt peaks to peak; right?
3 A. Roughly.
4 Q. Now, in terms of calculating the peak to peak
5 voltage, isn't you true that you need to know the waveform
6 that the generator is producing?
7 A. Yes, you do.
8 Q. You need to know whether it's a sine wave, whether
9 it's a square wave or some other waveform; is that correct?
10 A. That's correct.
11 Q. And there is nothing in the Doss patent that says
12 that a sine wave is used with this generator; correct?
13 A. That's correct.
14 Q. So we don't know whether there is a sine wave here
15 or a square wave or some other waveform; right?
16 A. You're correct. But, to my knowledge, there are no
17 commercially-available square wave generators.
18 Q. But you don't know what Mr. Doss may have been
19 working with in his lab or what you have when he was
20 writing this application, do you?
21 A. No.
22 Q. And whether it's commercially available or not isn't
23 the test, is it?
24 A. No, it's not the test.
25 Q. All right.

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1 A. However, it could be used with a sine wave
2 generator.
3 Q. But it could be used with a square wave generator?
4 A. Could be.
5 Q. And square wave generators are known in the
6 electrosurgical art, aren't they?
7 A. They are but not necessarily practiced.
8 Q. In fact, one of the references, the Slager reference
9 actually used a square wave generator?
10 A. Yes, it did.
11 Q. That was in the electrosurgical context; right?
12 A. Yes.
13 Q. So in terms of what is actually disclosed in the
14 Doss patent, we don't know whether it was a sine wave or
15 a square wave or something else. True?
16 A. True.
17 Q. Now, if you are calculating the peak-to-peak voltage
18 from the root-means-square voltage, if the waveform in
19 Doss were a square wave, when you go from 200 volts RMS
20 to peak to peak, that's 400, isn't it?
21 A. Actually, if you actually use the correct formula of
22 the root-means-square calculation, which it's an
23 integrations calculus, it depends whether or not the
24 period of the square wave is equal.
25 But if you make the assumption -- let me

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1 finish -- if you make the assumption that is an equal
2 period, I think that formula is correct. But, frankly,
3 I haven't done the math.
4 Q. Okay. But it's your best understanding here that
5 if you have a square wave where the waveform is symmetric
6 and you go from RMS to peak to peak and it's a square
7 wave, then the Doss patent would be disclosing
8 approximately 400 volts peak volts peak to peak; right?
9 A. Yes, according to your formula. Now, like I'd said,
10 I haven't done the math, but I'll presume that you have and
11 that you're correct.
12 Q. Now, you have a background in electrical engineering;
13 is that right?
14 A. Yes.
15 Q. Now, let me ask you now a few questions about the
16 Pao '499 patent. And this was another patent that you
17 discussed this morning on your direct examination with
18 respect to the '536 patent.
19 Do you have that, sir?
20 A. Yes, I have it.
21 Q. Now, the Pao patent, '499 patent, which is DTX-21.
22 this was one of the patents that was also in front of the
23 Patent Office during the prosecution of the '536 patent;
24 correct?
25 MR. BOBROW: Why don't we call that up, Chris?

1 THE WITNESS: Yes.
 2 BY MR. BOBROW:
 3 Q. All right. And if you take a look down there maybe ten
 4 items down, you see 4,674,499, Pao?
 5 A. Yes.
 6 Q. And that's DTX-212?
 7 A. Yes, it is.
 8 Q. And this same patent also was before the Patent
 9 Office in connection with the re-examination -- is that
 10 right -- of the '536 patent?
 11 A. I believe so, yes.
 12 Q. And with respect to the '536 patent, of course, the
 13 Patent Office granted ArthroCare's '536 patent over the
 14 Pao '499 patent; right?
 15 A. Yes. And that's probably one of the reasons why
 16 we're here today.
 17 Q. Now, as far as the Pao patent, I believe that you
 18 had shown earlier a couple of figures from the Pao patent.
 19 Why don't we pull up in the patent the figure that I think
 20 you had up, which I think was Figure 9.
 21 MR. BOBROW: Can you call that up, please,
 22 Chris?
 23 And why don't you highlight Figure 9 on that
 24 page?
 25

1 BY MR. BOBROW:
 2 Q. All right. And is that the figure, sir, obviously
 3 with colors added that you were using during your direct
 4 examination?
 5 A. It was one of the figures, yes.
 6 Q. And actually, the Pao '499 patent describes a number
 7 of different device configurations, doesn't it?
 8 A. It does.
 9 Q. And it looks like there are 12, 13, 14, some odd
 10 number of figures. There is a fair number. But would you
 11 agree with me, sir, that the instruments that are described
 12 here in the Pao patent all have what is called a coaxial
 13 configuration?
 14 A. In terms of the electrode configuration?
 15 Q. Yes.
 16 A. Yes.
 17 Q. By coaxial, we know they're saying out certain tube
 18 and within that tube is another one of the electrodes;
 19 correct?
 20 A. That's correct.
 21 Q. So the outer electrode serves -- I'm sorry -- the
 22 outer tube served as an electrode and the inner one does
 23 as well?
 24 A. Yes.
 25 Q. And we call that coaxial in the electrosurgical area;

1 correct?
 2 A. Yes.
 3 Q. If you would, please, let's take a look at Column 9
 4 of the '499 patent and specifically there is a paragraph
 5 that begins about Line 48 and runs down to about 63.
 6 MR. BOBROW: Chris, if you could highlight that,
 7 please...
 8 BY MR. BOBROW:
 9 Q. All right. And we have the text up. I'm sorry, sir.
 10 Do you have that page?
 11 A. I'm sorry. You said Column 8 or 9?
 12 Q. 9, I believe, is where we are. And we're at --
 13 A. Oh, yes. Okay. I'm sorry.
 14 Q. No problem. So that paragraph begins, quote, The
 15 coaxial bipolar probes of the present invention are used
 16 generally as follows.
 17 Do you see what I'm referring to there?
 18 A. Yes.
 19 Q. And so what is being described here is the use of
 20 the various probes, and there are a number of them, but
 21 the various probes are coaxial in this patent; right?
 22 A. Yes.
 23 Q. And as you move down in this paragraph, about Line
 24 58, there is a sentence that says, quote, The end of the
 25 probe region is placed against the tissue causing the

1 first ends of the axial and outer electrodes respectively
 2 to come into contact with the tissue. Electrical current
 3 then flows through the tissue between the axial and outer
 4 electrodes.
 5 Do you see that, sir?
 6 A. Yes.
 7 Q. Now, here in this passage, when it is talking about
 8 the, first of all, the axial electrode, that's talking
 9 about the active electrode; is that right?
 10 A. Yes.
 11 Q. And we're referring here to the outer electrodes.
 12 In your view, that would be the reference to the return
 13 electrode here. The outer one of the electrodes in this
 14 coaxial configuration; is that right?
 15 A. That's my view, yes.
 16 Q. And here in this text, where it's describing the
 17 operation of the coaxial probes, it says that, in effect,
 18 then the axial and the outer electrodes come into contact
 19 with the tissue; right?
 20 A. Yes.
 21 Q. And so, if you're interpreting the outer electrodes
 22 as being a return, that means there the return electrode
 23 as described in this paragraph is in contact with the
 24 tissue; right?
 25 A. Yes. And this is one description how it could be

1 used, but there are other descriptions where the outer
 2 electrode and return electrode does not contact tissue.
 3 Q. We can come to that; but here, this is actually
 4 describing how these devices are used. That's up at
 5 Line 48. It says are used generally as follows; right?
 6 A. But it doesn't say exclusively used, but it does say
 7 used generally as follows.
 8 Q. And the way it's generally used is with both
 9 electrodes contacting the tissue?
 10 A. I'm not sure I would go there, but that's -- that is
 11 one way of it being used.
 12 Q. All right. And then it says the electrical current
 13 then flows through the tissue between the axial and the
 14 outer electrodes; right?
 15 A. Yes.
 16 Q. And it says it then flows immediately after saying
 17 that both the active and the return are in contact with
 18 the tissue; correct?
 19 A. In this description of its use, yes.
 20 Q. So in this description of its use, what it's
 21 essentially saying is that you put the active and the
 22 return in contact with tissue and then the current then
 23 will flow between those two electrodes through the tissue;
 24 right?
 25 A. And this is one way, yes. The answer to your

1 question is yes, and this is one way you use the device.
 2 It's not the only way.
 3 Q. All right. Now let's take a look, if we might, at
 4 Column 3 of the same patent.
 5 And if you look at Column 3 at about Line 11,
 6 going to about Line 15...
 7 Do you see what I'm referring to?
 8 A. Does that start with, The probe region?
 9 Q. Yes, The probe region.
 10 Do you see that?
 11 A. Yes.
 12 Q. And the probe region in these devices is talking
 13 about the end of the devices, right, where the active
 14 and return electrodes are?
 15 A. I think in this particular patent, they're actually
 16 referring to the entire probe. So the entire metallic
 17 part of the shaft going from the distal end up to where
 18 the handle spot is.
 19 I think that's what they mean, but I could be
 20 wrong.
 21 Q. But around Lines 11 to 15, there is, once again, a
 22 reference to tissue contact being made.
 23 Do you see what I'm referring to there?
 24 A. Lines 11 to --
 25 Q. About Line 15.

1 A. Yes.
 2 Q. And now if we go over to Column 8, at about Line 53,
 3 there is a discussion there about Figure 12.
 4 A. What column? What line?
 5 Q. Column 8, Line 53 going down to about 60.
 6 And perhaps -- do you have that language, sir?
 7 A. The preferred probe? That one? Yes.
 8 Q. Right. And here in the description of Figure 12,
 9 it talks about inserting the probe through a small limbal
 10 incision in the cornea and that it's placed in firm
 11 contact with the nucleus 300, as shown in Figure 12.
 12 Do you see that?
 13 A. Yes.
 14 Can I look at the figure for a second?
 15 Q. Yes?
 16 MR. BOBROW: Why don't we put Figure 12 up,
 17 please?
 18 BY MR. BOBROW:
 19 Q. Now, Figure 12 is a diagram of the human eye; right?
 20 A. Well, yes. Part of it, yes.
 21 Q. Sure. And over here, from, going from right to .
 22 left, that's the probe; right?
 23 A. Right.
 24 Q. And here, this circle labeled 300, what is that?
 25 A. That's the nucleus of the eye -- nucleus of the lens,

1 I should say.
 2 Q. Okay. And this device is shown to be inserted
 3 within the volume of the eye. Is that true?
 4 A. Yes.
 5 Q. What is the nucleus made of?
 6 A. I can't tell you the exact tissue description, but
 7 it's tissue, probably collagen and some other stuff.
 8 Q. So the nucleus of the eye is a form of tissue;
 9 correct?
 10 A. Yes.
 11 Q. And tip of this probe here, the reason it's shown in
 12 a dashed phantom way like that is because it's being
 13 inserted into a solid object; right?
 14 A. Yes.
 15 Q. And that solid object in this case is tissue?
 16 A. Yes.
 17 Q. Now, let me turn, if I might, to another reference --
 18 that you had talked about a bit earlier today, which is the
 19 Slager reference, which is DTX-63.
 20 A. I have it.
 21 Q. Do you have that, sir?
 22 A. Yes.
 23 Q. And I believe that earlier today you had testified
 24 that various claims of the '882 patent and the '592
 25 patent were anticipated by the Slager reference; is that

1 correct?
 2 A. Yes, I did.
 3 Q. Okay. And you didn't say that Slager was relevant
 4 to the '536, but that it was relevant to '882 and to '592?
 5 A. That's correct, yes.
 6 Q. Now, in the Slager article, there are two tests that
 7 are being described here; right? One being done in vitro
 8 and one being done essentially in vivo in a pig; is that
 9 right?
 10 A. Yes.
 11
 12
 13
 14
 15
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 2 Q. And the portions of this article that you were saying
 3 were relevant to the '882 and the '592 patent related to
 4 the in-vitro test; correct? Not to the test on the pig?
 5 A. You said the in-vitro test?
 6 Q. I did.
 7 A. Yes.
 8 Q. Okay. The in vitro means what in this article?
 9 A. In vitro means it's outside the body, generally in a
 10 dish preparation of some sort. I guess it's the opposite
 11 of in vivo, which is inside the body.
 12 Q. So the tests that were being done here, when they
 13 described the tests as being in vitro, those are outside
 14 a patient's body; correct?
 15 A. Outside anybody's body, any animal's body.
 16 Q. Or human being?
 17 A. Well, I hope animals.
 18 Q. Fair enough. For the context that brings us here,
 19 what is being described here as in vitro is something that
 20 is not done in a living human patient; correct?
 21 A. That's correct.
 22 Q. Instead it is typically done in some sort of dish,
 23 bowl, in a laboratory; right?
 24 A. In some preparation or another, yes, a dish.
 25 Q. What is being described here in the Slager article

1 is that some pieces of aortic tissue from an aorta, from
 2 a cadaver were taken and were put into some sort of a
 3 dish; correct?
 4 A. Yes.
 5 Q. Then I think that you mentioned earlier that there
 6 was some saline that was administered and then put into
 7 that same dish; correct?
 8 A. Yes.
 9 Q. Now, there is no indication, is there, as to how
 10 the saline got into the dish; right?
 11 A. Well, it has to be poured in. It doesn't just
 12 magically appear. It is not specifically said in the
 13 article that somebody poured in or delivered to the dish
 14 the saline.
 15 Q. And certainly, there is nothing in here that says
 16 that the fluid was supplied to the dish through the
 17 electrode that was put in contact with the tissue; right?
 18 A. That's correct.
 19 Q. And in terms of describing the setup for this Slager
 20 reference, where you have a dish, you have some tissue in
 21 the dish, you have some fluid that somehow got there, and
 22 then you have an electrode that gets put onto the tissue,
 23 then you apply energy, supply it from a generator, you
 24 would agree with me, wouldn't you, that that is describing
 25 an electrosurgical system?

1 A. I am sorry. Can you repeat the question?
 2 Q. Sure. What I am asking, sir, is in this experiment,
 3 where you have a dish, you have some tissue in the dish,
 4 you have saline that has been put into the dish, you bring
 5 an electrode in contact with the tissue, and you apply
 6 energy in a generator, that is describing an
 7 electrosurgical system. True?
 8 A. Yes.
 9 Q. And it's describing an electrosurgical system even
 10 though we don't have any idea how the fluid got into the
 11 dish; correct?
 12 A. That's right.
 13 Q. And it's an electrosurgical system even though the
 14 fluid didn't come in through the electrode that is
 15 described here in Slager; correct?
 16 A. Yes.
 17 Q. Now, in this Slager patent -- I am sorry, it is not
 18 a patent, it is a paper. In the Slager paper, there is
 19 another experiment that is described as we had mentioned
 20 that is in a -- that was done in a pig; correct?
 21 A. Yes.
 22 Q. And they call that the in vivo test; right?
 23 A. Yes.
 24 Q. And in that particular test, the article says that
 25 there was a subcutaneous needle, ten centimeters long.

1 Q. Yes.
 2 A. Most likely you would, yes.
 3 Q. Now, you also had mentioned that the Slager article
 4 talks about suction. I think this was in reference to
 5 Claim 54 of the '882 patent that has in it this
 6 requirement that there be evacuation of fluid; correct?
 7 A. Yes.
 8 Q. And if you take a look at the last page of the
 9 article, the second paragraph down, over on the left-hand
 10 side, it says one of the areas deserving further attention.
 11 Do you see that?
 12 A. Yes, I do.
 13 Q. And in this part of the article, it is talking about
 14 bubbles being generated when this device is used; right?
 15 A. Yes.
 16 Q. And so it says that one could look into using a,
 17 quote, suction technique, do you see that, to solve the
 18 problem of the bubbles; right?
 19 A. Yes.
 20 Q. And in terms of this suction technique, the suction
 21 technique that is described here, it doesn't say where
 22 the suction lumen would be that is performing the suction;
 23 right?
 24 A. It does not.
 25 Q. It doesn't even say what it is that is going to be

1 used to suck away the bubbles, does it?
 2 A. No.
 3 Q. So we don't know from this description whether the
 4 suction would be taking place through a lumen that is
 5 adjacent to an electrode, do we?
 6 A. No, we don't.
 7 Q. Now, I had some questions for you, also, about the
 8 Manwaring patent. Actually, let's stay on Slager for
 9 just a minute, because I think I forgot to ask you a
 10 question. To do that, I think I am going to need to put
 11 up one of the claims from the '592 patent. Here at the
 12 very top, we have Claim 23, and this says a method for
 13 applying electrical energy to a target site on the body
 14 structure that is on or within a patient's body.
 15 Do you see that?
 16 A. Yes.
 17 Q. And it looks like that box over there was checked
 18 in black, do you see what I am referring to?
 19 A. Yes.
 20 Q. Now, would you agree with me that in the Slager
 21 article, in the in vitro test we were talking about, the
 22 energy was being applied to aortic tissue that had been
 23 taken from a cadaver a couple of days before; is that
 24 right?
 25 A. I am not sure about the time. It was taken from a

1 cadaver.
 2 Q. And the energy wasn't being applied to a patient,
 3 was it?
 4 A. Well, from the perspective of a patient being
 5 referred to as someone that is alive, that's correct.
 6 Q. And so in terms of the tissue, there was a cadaver,
 7 the tissue was taken from the cadaver, placed into a dish;
 8 right? And then energy was applied to it there. It wasn't
 9 on an animal or a human being or what-have-you at the time;
 10 right?
 11 A. Right, yes. The tissue was not living tissue. It
 12 was human tissue, but it wasn't living tissue.
 13 Q. It wasn't living tissue and it wasn't on the patient's
 14 body when the energy was applied; correct?
 15 A. That's true. The reason I am hesitating is, the
 16 aorta is part of your body.
 17 Q. I am not saying it's not tissue. My question is,
 18 when the energy was applied, it wasn't on a patient's body.
 19 Is that true?
 20 A. That's true.
 21 Q. Now let's take a look at the '882 patent. You had
 22 mentioned that the Slager article is also relevant to
 23 Claim 1 of the '882 patent; right?
 24 A. Yes.
 25 Q. And again here, we have the Slager article has a

1 checkmark by it next to this language from Claim 1;
 2 correct?
 3 A. Yes.
 4 Q. And the language there is a method for applying
 5 energy to a target site on a patient body structure
 6 comprising.
 7 Do you see that?
 8 A. Yes.
 9 Q. And once again, the tissue to which the energy was
 10 applied in the Slager article was no longer part of a
 11 living human being; correct?
 12 A. Correct.
 13 Q. The tissue at that point in time was dead; right?
 14 A. Correct.
 15 Q. And so there wasn't any application of energy to a
 16 patient, was there?
 17 A. No.
 18 Q. Did you hear Mr. Marsden's opening statement?
 19 A. Yes. But that's been some time ago.
 20 Q. But do you recall that Mr. Marsden was suggesting
 21 that Smith & Nephew didn't infringe the method claims
 22 itself because it was in the business of making and
 23 selling these devices, not using them; correct?
 24 A. That's correct.
 25 Q. And not using them on patients; right?

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1 A. That's correct.
 2 Q. And so he was saying that they didn't, Smith &
 3 Nephew didn't infringe these method claims because they
 4 didn't perform the surgeries themselves on patients'
 5 bodies; right?
 6 A. That's correct.
 7 Q. Would you agree with him that if you are not using
 8 the device on a patient's body, that you are not
 9 infringing Claim 1 of the '882 patent or the method claims
 10 of the '592 patent?
 11 A. Yes.
 12 Q. Now, since we have the '882 up, let me ask you some
 13 questions about the Manwaring reference. This is the
 14 '138 patent. And I apologize, sir, I believe that's
 15 DTX-46.
 16 A. I have it.
 17 Q. Now, as far as the Manwaring patent goes, once
 18 again, in connection with your work as an expert in this
 19 matter, when you prepared your expert report, you didn't
 20 perform tests using the Manwaring device to see whether
 21 or not it emitted photons in the ultraviolet light;
 22 correct?
 23 A. That's correct.
 24 Q. Now, when you were analyzing the Saphyre bipolar
 25 ablation probes, I take it that you also didn't do a test

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1 back at that time to determine whether or not those
 2 emitted UV light, either, did you?
 3 A. When you say analyzing, are we talking about the
 4 experiments I did?
 5 Q. Your use of the device prior to the time you
 6 submitted your expert report, you didn't look at whether
 7 those devices did or didn't emit ultraviolet photon either.
 8 Is that true?
 9 A. That's correct, yes.
 10 Q. Now, taking a look here at the Manwaring '138 patent,
 11 why don't we pull up Figure 5?
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 2 Q. (Continuing) And Figure 5 is a closeup of the tip of
 3 the Manwaring device; correct?
 4 A. Yes.
 5 Q. And there is a little region there that, here, where-
 6 the tip, it says it's in a fluid-filled medium; is that
 7 right?
 8 A. Yes.
 9 Q. And then here, Item 36, we have the tip of an
 10 electrode; correct?
 11 A. Yes.
 12 Q. And then over here, it says tissue over to the right-
 13 hand side; correct?
 14 A. Yes.
 15 Q. Now, in column 7 of this patent, there is a
 16 discussion about using an embodiment of this device where
 17 fluid is not delivered through the device to the tissue;
 18 correct?
 19 That's at Column 7 around Line 19?
 20 A. Oh. Column 7 says -- okay. Column 7, Line 19.
 21 Q. Right. That says if the source of pressurized fluid
 22 as illustrated in Figure 2 were omitted; correct?
 23 A. Yes.
 24 Q. Now we're talking about fluid not being delivered
 25 to the region of the body that is being treated here;

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1 right? We're not affirmatively delivering the fluid?
 2 A. That's right.
 3 Q. And so it says for this device to work, you need to
 4 essentially suck some of the fluid, it might be the
 5 cerebral spinal fluid, that's in the working field into
 6 the tip of the device; correct?
 7 A. Yes.
 8 Q. And when you suck that fluid into the tip of the
 9 device, that fluid is going to be in the vicinity of the
 10 tip of the electrode.
 11 MR. BOBROW: If we can put up Figure 5 again.
 12 BY MR. BOBROW:
 13 Q. Right. So here we have Figure 5, and if some fluid
 14 is drawn in, the fluid is going to be in this region here,
 15 right next to this No. 36 of the probe; right?
 16 A. Yes.
 17 Q. And the fluid that is going to be brought into the
 18 tip of that tube is going to be in the vicinity of the
 19 tissue, if that you are trying to treat this tissue here
 20 that is shown here in Figure 5; right?
 21 A. Yes. But presumably it could also be from areas
 22 that are outside of that specific location.
 23 Q. Right. But you are not going to take the fluid
 24 from this region at the tip and suck all of the fluid way
 25 over here, way up into the device and leave no fluid down

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1 at the tip, are you? You're going to suck fluid in, so
 2 that electrode tip has some fluid in contact with it;
 3 right?
 4 A. Oh, yes.
 5 Q. And that fluid that you suck in, there is going to
 6 be some fluid right there at the tip of the device and
 7 right there on the tissue and you are going to apply
 8 energy to that; right?
 9 A. Let me see if I understand what you are saying.
 10 Are you saying there will be fluid inside this space here?
 11 Q. Yes.
 12 A. Is that what you are saying?
 13 Q. At the very tip of the device, when you suck some
 14 of the fluid in, you will have fluid at the very tip of the
 15 device?
 16 A. Yes.
 17 Q. And then you will apply some energy to that; right?
 18 A. Yes, when you operate the device. Yes.
 19 Q. Right. And then when you apply the energy, you get
 20 sparking; right?
 21 A. Yes.
 22 Q. And then what this patent tells you is that you get
 23 the sparking and that sparking then leads to the
 24 vaporization of the fluid; correct?
 25 A. In this particular -- yes. Yes.

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1 Q. All right. Now, you had mentioned before that you
 2 had some question, and I think it was your opinion that
 3 if this claim, the '882 patent, if it's valid, then you
 4 had, it was your opinion that it wasn't enabled; right?
 5 I think you offered that opinion this morning on your
 6 direct examination? Or did I get that wrong?
 7 A. Without getting into the legal terms here, if that
 8 patent is valid, it applies to a lot of other devices
 9 that are process devices.
 10 Q. Okay. Now, in connection with your work on this
 11 matter, how many hours have you spent on this matter up
 12 through today?
 13 A. Up through today?
 14 Q. Sure.
 15 A. It's between three and four hundred.
 16 Q. And all of those three and four hundred hours were
 17 compensated at \$150 an hour?
 18 A. That's correct.
 19 Q. And you've been paid by Smith & Nephew for your work;
 20 is that correct?
 21 A. That's correct.
 22 Q. Now, in connection with your three and four hundred
 23 hours of work you spent on this matter, did you attempt to
 24 build a device that would embody Claim 1 of the '882
 25 patent? Did you try to build it?

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1 A. Since the Codman ME 2 device essentially practices
 2 Dr. Manwaring's patent, I didn't have to. I could buy one.
 3 Q. But you didn't buy one?
 4 A. No.
 5 Q. So I'm asking you, sir, whether you built one?
 6 A. Oh. No.
 7 Q. Okay. You didn't try to build a device that -- using
 8 the specification and the like, try to build a device that
 9 would be consistent with the teachings of the patent?
 10 That's all I'm asking.
 11 A. Yes, but let me be clear. We're talking about
 12 building a device that would practice the corrected Claim
 13 1?
 14 Q. Good question. The answer is yes. Did you attempt
 15 to build the device that would practice the corrected
 16 Claim 1 at the time you were doing your work, on your
 17 expert report? Did you build such a device?
 18 A. No. Because I already developed devices that meet
 19 that.
 20 Q. But you didn't try to build one yourself?
 21 A. I got one sitting on my shelf on my bookcase at
 22 home.
 23 Q. You didn't build one, sir? Could you answer the
 24 question?
 25 THE COURT: Please just answer the question.

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1 THE WITNESS: No, I did not.
 2 I thought I already answered the question.
 3 BY MR. BOBROW:
 4 Q. So now, as far as the teachings of the '882 patent
 5 go, would you agree with me there is a discussion in the
 6 '882 patent of some of the preferred ways of trying to
 7 practice Claim 1 of the '882 patent?
 8 A. Yes.
 9 Q. Would you agree with me there are preferred voltage
 10 ranges that are set forth?
 11 A. Do you mind if I go back to the patent?
 12 Q. Please.
 13 A. Yes.
 14 Q. And in addition to preferred voltage ranges, there
 15 are preferred materials with instruction for the electrode;
 16 correct? The active electrode?
 17 A. Yes.
 18 Q. If you take a look, sir, at the bottom of Column 16?
 19 A. I found it, yes.
 20 Q. And it says, it refers to metals like titanium and
 21 platinum.
 22 Do you see that?
 23 A. Yes.
 24 Q. And this also gives preferred frequencies; correct?
 25 A. Yes, it does.

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- 1 Q. And that's at Column 13; right?
- 2 A. Yes.
- 3 Q. And the voltage range, the preferred ones are also
- 4 set forth in Column 13, aren't they?
- 5 A. Yes.
- 6 Q. There is also a preferred fluid that is supplied
- 7 and that's in Column 12, right, at around Line 38.
- 8 A. Yes.
- 9 Q. And it also provides preferred power levels; right?
- 10 A. Can you direct me there so I don't --
- 11 Q. I can. I'm sorry. This is at the top of Column 14.
- 12 There is a range preferred power levels.
- 13 A. Yes.
- 14 Q. And also there are preferred contact surface area
- 15 values for the active electrode in Column 15; right?
- 16 A. Yes.
- 17 Q. And there are preferred distances from the tissue
- 18 that are set forth at the bottom of Column 15; right?
- 19 A. Yes.
- 20 Q. Now, in connection with your work in this field of
- 21 electrosurgery, I think you testified that you had a
- 22 couple of patents that had issued to you. I think you
- 23 said five?
- 24 A. Five total, two in electrosurgery.
- 25 Q. And in connection with the patents that you have

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- 1 been involved in writing. I take it it's true that when
- 2 you were writing those patents, you would say what you
- 3 believe to be a preferred way of practicing the inventions
- 4 that you had come up with, right?
- 5 A. That's correct.
- 6 Q. And did you do that so that could give some guidance
- 7 to people who were reading the patent once the patent
- 8 expired how to duplicate the device; right?
- 9 A. Right.
- 10 Q. And it's your expectation, isn't it, that a person
- 11 of skill in the art in looking at a patent would look at
- 12 what the patent itself, the preferred ranges, the preferred
- 13 materials, the preferred voltages and the rest to try to
- 14 figure out how to practice the invention; correct?
- 15 A. I would expect they would use that as their starting
- 16 point, yes.
- 17 Q. Now, sir, I heard your testimony earlier and you
- 18 had mentioned that you had actually used some of the
- 19 accused products at the Smith & Nephew, I think it's called
- 20 a bioskills lab; is that right?
- 21 A. Yes.
- 22 Q. And where is that? That's in Massachusetts?
- 23 A. Yes, Massachusetts. Mansfield.
- 24 Q. And you went out to that facility and had a chance
- 25 to use the accused -- the products, the use of which use

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- 1 infringes the patents; correct?
- 2 A. Yes, the accused products. Yes.
- 3 Q. Fair enough. And in terms of the use of that, you
- 4 were being assisted in your use by a laboratory manager;
- 5 correct?
- 6 A. Yes.
- 7 Q. There was somebody from there from Smith & Nephew
- 8 who was assisting you with the setup of the experiment
- 9 and the operation of the devices; correct?
- 10 A. That's correct.
- 11 Q. And you had a chance to use, at a very minimum, the
- 12 Saphyre; correct?
- 13 A. I used all three products, but I did use the Saphyre.
- 14 Q. And when did you these tests, there were recordings
- 15 made of what was going on inside of this cadaver shoulder
- 16 where the experiments were taking place; right?
- 17 A. That's correct.
- 18 Q. And that was done through some sort of a scope;
- 19 correct?
- 20 A. Well --
- 21 Q. There was a little video camera?
- 22 A. Yes. There was a little video camera that was
- 23 attached to the scope and that did the recording.
- 24 Q. When you did the recordings, those were actually
- 25 permanently recorded onto a CD; correct?

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- 1 A. Yes.
- 2 Q. And you ended up saving that data and producing it
- 3 in connection with this case; correct?
- 4 A. Yes.
- 5 Q. And in forming your opinion about how the devices
- 6 work, you actually considered that information in
- 7 determining whether or not there was or wasn't
- 8 infringement by the accused products; right?
- 9 A. Yes.
- 10 MR. BOBROW: May I approach, your Honor?
- 11 THE COURT: Yes, you may.
- 12 BY MR. BOBROW:
- 13 Q. I'm simply showing you, and I know you can't look
- 14 inside of a CD, so I apologize in advance, but there was
- 15 a CD that was produced to us with this production number
- 16 SN10765. It's since been labeled PX-104 and it was
- 17 represented to us that this was a set of recordings of
- 18 some of the work that you did on the cadaver. I'll simply
- 19 have to make that representation to you because I obviously
- 20 can't show it to you unless we put it up on the screen.
- 21 MR. BOBROW: I would move this CD into evidence.
- 22 MR. MARSDEN: Your Honor, we'll object to its
- 23 being moved into evidence. If he intends to use it for
- 24 impeachment, that is one matter, but it's not appropriate
- 25 to move into evidence with our expert witness.

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1 THE COURT: Well, I'm not sure about that, but
 2 the problem is we don't generally -- this is, the exhibit
 3 is a test that the witness performed?
 4 MR. BOBROW: That's correct.
 5 THE COURT: I guess my problem is if this
 6 witness isn't the kind of witness who typically uses these
 7 products, I'm not sure what the relevance is or if the
 8 relevance is not waived by prejudice -- without knowing
 9 what this is, I'm not sure what why it should come in.
 10 Maybe we should have a sidebar.

11
 12 (Sidebar conference, out of the hearing of the
 13 jury, as follows.)

14 MR. BOBROW: This is a videotape that this
 15 witness took so that he could understand how the devices
 16 operate. And it records that. He was being assisted by
 17 somebody from Smith & Nephew at the time and so, given
 18 that, what I would like to be able to show just one clip
 19 that he used to show how he used the device and how he
 20 operated it and how the device functioned inside of the
 21 tissue.

22 Now, Dr. Choti was allowed on his direct
 23 examination to show tapes of the ones that he actually
 24 prepared. He is not an arthroscopic surgeon either, but
 25 what it does, it gives the jury a good sense of what the

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1 shoulder space is like and how the devices fit inside the
 2 shoulder.

3 THE COURT: Well, is this for -- I can't
 4 remember whether those were introduced. What is the
 5 relevance? Illuminate me here.

6 MR. BOBROW: What I want to try to show, the
 7 devices can be used and are designed in a way such that
 8 the return electrode doesn't need to be contacting the
 9 tissue while it's inside the patient's body. So here I
 10 want to show one clip where there are times when it's
 11 not in contact and essentially he was able to observe
 12 there are times when it was not in contact.

13 THE COURT: Tell me something. All the clips
 14 we've seen for purposes of infringement, were those actual
 15 surgeries or were those just people playing with them?

16 MR. BOBROW: Well, we have seen two types. We
 17 saw Dr. Choti, and that was inside of a cadaver. And then
 18 we've also seen some that were actually on live patients
 19 where there was blood present. So that was either on an
 20 animal or that was on a human being, but something where
 21 blood was flowing. There is no blood flowing here.

22 THE COURT: Let's hear about Dr. Choti's clips,
 23 because I can't remember which ones those are.

24 MR. MARSDEN: Your Honor, I was trying to get
 25 assistance on that myself. I'm not sure that I was in the

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1 courtroom when it was played, but apparently he did play
 2 some tapes of tests.

3 MS. MACFERRIN: He did not play any on direct,
 4 but on cross played the tape of the experiment.

5 MR. BOBROW: There was a Control RF experiment
 6 from Dr. Choti that your Honor allowed to be played on
 7 cross-examination to show how the Control RF device
 8 interfaced with the tissue, its relationship to the
 9 tissue was, and this is an identical situation except
 10 it's this witness and a different product.

11 THE COURT: And whose witness was Dr. Choti?
 12 I can't even remember.

13 MR. BOBROW: Dr. Choti was an expert for Smith &
 14 Nephew.

15 MR. MARSDEN: So apparently on cross there,
 16 they used one of his clips.

17 MR. BOBROW: That's right.

18 MR. MARSDEN: I don't know that that makes it
 19 right to do it again. I don't think it's particularly
 20 helpful, particularly if you have a selected clip. There
 21 is a lot of other clips.

22 MR. BOBROW: I apologize.

23 MR. MARSDEN: The jury has seen it in use or
 24 in sales videos, which is an important consideration for
 25 whether there is infringement. That's how we tell doctors

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1 how it should be used. That's how we tell salespeople to
 2 show doctors how it should be used. And that would be the
 3 relevance.

4 MR. BOBROW: If I may make one more comment...

5 Dr. Choti testified that, on his direct
 6 examination, the shoulder, the cadaver was actually very
 7 much akin to a living shoulder. In other words, that it
 8 hasn't been obliterated, that it hasn't been damaged, but
 9 it was very much like a regular human shoulder. So I'd
 10 like to show this to show indeed there are lots of spaces
 11 in the shoulder where there are lots of room and that a
 12 surgeon can manipulate the device in a way and a person
 13 can manipulate the person in a way such that the return
 14 doesn't contact.

15 MR. MARSDEN: Your Honor, if they wanted to
 16 do that, they could have had their expert do the experiment.

17 MR. BOBROW: No. We tried to have our expert
 18 look at these tapes and testify about that, but that was
 19 precluded.

20 MR. JOHNSTON: Your Honor?

21 THE COURT: It's precluded by whom?

22 MR. BOBROW: By your Honor. Yes, you ruled
 23 that since it wasn't in his expert report, he couldn't
 24 talk about that. So I'd like to have the person who
 25 actually generated this tape talk about it.

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1 THE COURT: So you were saying Dr. Choti
2 couldn't talk about it?
3 MR. BOBROW: No, Dr. Goldberg. I'm sorry.
4 There are too many witnesses. Dr. Goldberg couldn't talk
5 about it. Couldn't talk about Dr. Choti's or Dr. Taylor's.
6 I'd like to ask Dr. Taylor about Dr. Taylor's video.
7 MR. JOHNSTON: Tom Johnston.
8 There is one other difference. They did not
9 do the test on the same shoulder because they're done
10 weeks apart, and I believe that Dr. Taylor's shoulder had
11 been scoped several times. Not as representative as Dr.
12 Choti's.
13 THE COURT: Was there any objection to Dr.
14 Choti's being used? Like there is now?
15 MR. BOBROW: No, there wasn't. It was
16 admitted into evidence without objection.
17 THE COURT: Well, I guess if I didn't rule on
18 this issue before, my reaction to this issue is that this
19 is an engineer playing with a dead body and it can't
20 possibly be used for purposes of infringement. I mean I
21 just think it's not appropriate. So the objection is
22 sustained.
23 MR. MARSDEN: Thank you, your Honor.
24 MR. BOBROW: Thank you, your Honor.
25 (End of sidebar conference.)

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1 ---
2 MR. BOBROW: Ladies and gentlemen, I apologize
3 for the delay.
4 Why don't we move on to another exhibit?
5 May I approach, your Honor?
6 THE COURT: Yes, you may.
7 BY MR. BOBROW:
8 Q. Let me show you PX-324. PX-324 is already in
9 evidence, sir.
10 A. Okay.
11 Q. And PX-324 is called Competitive Selling, ArthroCare
12 with the name Rob Griffin.
13 Do you see that?
14 A. Yes.
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1
2 Q. And you have seen this document before, haven't you?
3 A. I think I have seen parts of it.
4 Q. Okay. And if you turn to Page 0RA65076, you can see
5 that this page talks about S&N ablation probes.
6 Do you see that?
7 A. Yes.
8 Q. One of those probes is the Saphyre bipolar ablation
9 probe; correct?
10 A. Yes.
11 Q. And S&N stands for Smith & Nephew; right?
12 A. Yes.
13 Q. And if you go a little bit further into the document,
14 at 0RA65090, there is a document there called Managing
15 Surgeon Expectations.
16 Do you see that?
17 A. Yes.
18 Q. And this is talking about Saphyre suction probes;
19 right?
20 A. Just let me read it for a second.
21 Yes.
22 Q. And the Saphyre suction probes are designed so that,
23 for example, they will clear bubbles that are generated
24 when the devices are used in these arthroscopic surgeries;
25 correct?

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1 A. Bubbles and other debris, yes.
2 Q. But including bubbles; right?
3 A. Including bubbles, yes.
4 Q. The second bullet point here says, quote, During
5 use keep the electrode level with the target tissue for
6 optimal evacuation of bubbles.
7 Do you see that?
8 A. Yes.
9 Q. And when it says level there, that Saphyre probe
10 actually has a flat active electrode face; correct?
11 A. Yes, it does.
12 Q. And it says -- what I am pointing to here with my
13 finger to PX-544, this is the active electrode tip; right?
14 A. Yes, it is.
15 Q. Way down here?
16 A. Yes.
17 Q. And that would then be presented to the tissue such
18 as this; correct? It says to hold it flat; right?
19 A. That's what I would infer, yes.
20 Q. And you have inspected these probes before; correct?
21 A. Oh, yes.
22 Q. And when you look at these probes, you can see that
23 the return electrode is actually recessed somewhat from
24 the plane of the face of the active electrode; right?
25 A. Slightly, yes.

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1 Q. So if I were to hold this active electrode on that
2 desk, that glass-top desk right there, and I held that
3 active electrode flat, parallel to the desk, the return
4 electrode wouldn't touch it, would it?
5 A. No, it wouldn't.
6 Q. Because it's recessed somewhat; correct?
7 A. I am presuming you are holding the probe, the shaft,
8 parallel.
9 Q. That's right.
10 A. Okay.
11 Q. Now, if you take a look, also, at Page ORA65095,
12 again, it's talking about managing surgeon expectations.
13 And what is depicted there is the tip of one of these
14 Saphyre probes; correct?
15 A. Yes.
16 Q. And you can see there that the very tip of the probe
17 bends down at sort of a right angle so that the -- where
18 those little lightning bolts and bubbles are, that is the
19 active electrode face; right?
20 A. Yes.
21 Q. And here, the active electrode face is shown being
22 parallel to the tip; right? That is what is being
23 depicted there?
24 A. Yes.
25 Q. And the return electrode, as we are looking at this

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1 figure, would be off and to the left; correct?
2 A. Yes.
3 Q. That is where the return electrodes would be?
4 A. Yes.
5 Q. And you can see here, blown up somewhat, that,
6 indeed, the return electrode in that portion of the shaft
7 is recessed from the tissue that the active electrode
8 faces, touching there; right?
9 A. In this cross-section, that's correct, yes.
10 Q. And there is an arrow pointing to the very tip of
11 the device, and the very tip of the device has those two
12 points, do you see them, on the left and the right?
13 A. Yes.
14 Q. And that's intended to depict that the active
15 electrode tip is in contact with the tissue, right, at
16 those tips?
17 A. Well, if you actually take a look at the Saphyre
18 active electrode, it's got four little points that stick
19 up. I think that's what that is depicting.
20 Q. So those two little sharp points on either side,
21 those are in contact there with the tissue; right?
22 A. Yes.
23 Q. And then near the face of the active electrode, or
24 it looks like it's little lightning bolts and some bubbles;
25 right?

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1 A. That's correct.
2 Q. In describing that it says, quote, Tight seal between
3 probe and tissue causes steam bubbles to form under
4 electrode which allows an arc to be created and ablation
5 to occur.
6 Do you see that?
7 A. Yes.
8 Q. And do you understand that that is, indeed, how the
9 Saphyre bipolar ablation probes work when they are in
10 operation?
11 A. I think the answer to your question is yes. They
12 sort of omit the step that you got to apply energy to it
13 to get to the arc and so forth. But I think the idea is
14 it forms a steam layer and eventually an arc is generated
15 and that ablates the tissue.
16 Q. Now, all of these devices that have been accused of
17 infringement, all of them require an electrically
18 conductive fluid to work; right?
19 A. Yes.
20 Q. And you did some tests, didn't you, when you were
21 working on and looking at these various devices; right?
22 A. Are you talking about the experiments with the
23 cadaver shoulder?
24 Q. Those and others; right?
25 A. Those are the best tests that I did, yes.

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1 Q. You also did some tests in distilled water, didn't
2 you?
3 A. Yes.
4 Q. And distilled water is not an electrically conductive
5 fluid, is it?
6 A. No.
7 Q. And you tested the Saphyre device, for example, in
8 distilled water; didn't you?
9 A. Yes.
10 Q. And it didn't work, did it?
11 A. No, it did not.
12 Q. And you tried it in, you tried to use the Control
13 RF--
14 A. Can I make just one comment?
15 Even though I know I said distilled water, it
16 could also have been deionized distilled water. That is
17 a little different than regular distilled water.
18 Nonetheless, it didn't work.
19 Q. And both of those, deionized or distilled, they are
20 both electrically nonconductive, they would be categorized
21 as such in this field; correct?
22 A. Yes.
23 Q. And when you put the Control RF in this
24 nonconductive fluid, it also didn't work, did it?
25 A. That's correct.

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1 Q. So these devices, to work, require the presence of
 2 an electrically conductive fluid; right?
 3 A. Yes.
 4 Q. And all of these devices work by creating a current
 5 flow path between the active and the return through an
 6 electrically conductive fluid; right?
 7 A. And the tissue.
 8 Q. And when these devices are used by doctors, they are
 9 always used with an electrically conductive fluid; correct?
 10 A. Yes. The instructions for use specifically say that.
 11 Q. And in terms of arthroscopic procedures, those are
 12 the procedures these devices are designed for; right?
 13 A. Correct.
 14 Q. When those procedures are done, there is always
 15 electrically conductive fluid inside the joint space;
 16 correct?
 17 A. Yes.
 18 Q. And these devices are used in that electrically
 19 conductive fluid; right?
 20 A. Yes.
 21 Q. And they need that electrically conductive fluid in
 22 order to work and treat the tissue inside of those joint
 23 spaces; right?
 24 A. Yes.
 25 Q. And if you didn't have the fluid in there, the

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1 electrically conductive fluid in there, that was
 2 administered to the knee or the shoulder, the devices
 3 wouldn't work, would they?
 4 A. Well, in the case of the RF portion it does,
 5 because you are talking about whether or not other
 6 devices --
 7 Q. Right?
 8 A. In the case of other devices, when activated, it
 9 would work, you certainly would have electrically
 10 conductive fluid in the joint space, since arthroscopy is
 11 always used with electrically conductive fluid, you would
 12 need that.
 13 Q. Even in the case of the ElectroBlade, you heard Ms.
 14 Drucker testify yesterday that the most popular mode of
 15 this operation of this ElectroBlade device is the
 16 simultaneous cutting and coag mode; right?
 17 A. That's correct.
 18 Q. By simultaneous cutting and coag, that means that
 19 the RF is on; correct?
 20 A. Yes.
 21 Are we finished with this so I can put it away?
 22 Q. Yes, Dr. Taylor.
 23 Dr. Taylor, I believe that I finished my line
 24 of questions and I appreciate your time. Thank you.
 25 THE WITNESS: Thank you.

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1 THE COURT: Redirect.
 2 REDIRECT EXAMINATION
 3 BY MR. MARSDEN:
 4 Q. Good afternoon, Dr. Taylor.
 5 A. Good afternoon.
 6 Q. Just a few questions. First of all, was there
 7 anything in Mr. Bobrow's questioning of you here on cross
 8 that has caused you to change or reconsider any of the
 9 opinions that you offered during your direct testimony?
 10 A. No.
 11 Q. Just to follow up on one of the last points that Mr.
 12 Bobrow made about holding the device level, I guess we
 13 could take any of these devices and hold them level, I
 14 think you talked about it in reference, for example, to
 15 a desktop.
 16 Do you remember that question?
 17 A. Yes.
 18 Q. Is there any part of the inside of a joint that
 19 looks like the top of a desktop?
 20 A. Not to my knowledge.
 21 Q. Does it make sense to talk about keeping something
 22 parallel in the context of a joint?
 23 A. No.
 24 Q. I wanted to return to a couple of other points that
 25 Mr. Bobrow raised just briefly. First, he talked a little

Page 1.

1 bit about the Doss patent.
 2 Do you recall that?
 3 A. Yes.
 4 Q. In particular, he was asking you about the two
 5 electrodes in the Doss patent?
 6 A. Right.
 7 Q. Do you remember that?
 8 A. Yes.
 9 Q. I think the point of his question was, he was trying
 10 to suggest to you there may not be a return electrode in
 11 the Doss patent.
 12 Did you understand that?
 13 A. I think that was the line of reasoning, yes.
 14 Q. Did the Court give us a definition of return
 15 electrode?
 16 A. Yes.
 17 MR. MARSDEN: Can we pull up, please, 675, 2
 18 Gary? If you could go to Paragraph 9, please... And blow
 19 up Paragraph 9, please.
 20 BY MR. MARSDEN:
 21 Q. Did you use the Court's definition of return electrode
 22 in determining whether or not the Doss reference had a
 23 return electrode?
 24 A. Yes.
 25 Q. And what is the critical element of the Court's

- VOLUME H -

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IN THE UNITED STATES DISTRICT COURT
IN AND FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION, : CIVIL ACTION
Plaintiff :
vs. :
SMITH & NEPHEW, INC., :
Defendant : NO. 01-504 (SLR)

Wilmington, Delaware
Friday, May 9, 2003
8:50 o'clock, a.m.

BEFORE: HONORABLE SUE L. ROBINSON, Chief Judge, and a jury

APPEARANCES:

MORRIS, NICHOLS, ASSET & TUNNELL
BY: JACE B. BLUMFIELD, ESQ. and
KAREN JACOBS LOUDEN, ESQ.

-and-

Official Court Reporters

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PROCEEDINGS

(Proceedings commenced in the courtroom, beginning at 8:50 a.m., and the following occurred without the presence of the jury.)

THE COURT: All right. I did make some changes to the charge based on comments made by you all and based on further reflection. We've already caught a change in the verdict form, but let's go through the charge first so that you can make your final objections and we can make final changes. Rather than go through page by page, I guess if you can let me know when anyone's first objection for the record or other title or other change that you would like to make is, we can do it that way.

For plaintiff's side?

MS. JACOBS-LOUDEN: For plaintiff, our first change is on -- issue is on Page 23.

MS. BOYD: I don't know if it makes sense to disrupt this, but our changes are on Page 19.

THE COURT: I think -- well, I think we'll just go plaintiff and defendant at this point.

MS. JACOBS-LOUDEN: Your Honor, Page 23, literal infringement, two things: One is the second

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paragraph. The first sentence, I think that phrase, it does not matter whether the accused product, the accused methods practice the invention of any asserted method claim is unclear. I think what was meant to be said and would make more sense is that the accused methods need not always practice the invention of any asserted method claim, and that it would pick up with so long as ArthroCare...

THE COURT: Say that again.

MS. JACOBS-LOUDEN: Yes. The phrase within the first sentence of the second paragraph that says, it does not matter whether the accused methods practice the invention of any asserted method claim.

THE COURT: Yes.

MS. JACOBS-LOUDEN: Does not seem to make sense. And I think what was intended and what does make sense would be to say, The accused methods need not always practice the invention of any asserted method claim, and then to pick up with the following phrase, so long as ArthroCare.

The other comment is in the first paragraph, the reference is to accused products and methods. As we discussed yesterday, it would be more accurate to say accused systems and methods.

THE COURT: All right. Well, I did take the

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1 A. I don't know whether it was word for word, but we
 2 made similar arguments. We had the -- a similar position
 3 that Roos does not disclose electrically conductive fluid
 4 in all of our cases.
 5 Q. So --
 6 A. Sorry. Go ahead.
 7 Q. I didn't mean to cut you off.
 8 A. And my understanding is that, as I recall, Mendez
 9 might have been on one of the other cases, so that's a
 10 possibility.
 11 Q. So it may have been copied from something else that
 12 you provided instead of from the '592 argument you made;
 13 right?
 14 A. If he agreed with the arguments, he may have used
 15 the similar language, yes.
 16 MR. HEBERT: Okay. Thank you. Nothing further.
 17 THE COURT: Cross-examination.
 18 MR. BLUMENFELD: Yes, your Honor.
 19 CROSS-EXAMINATION
 20 BY MR. BLUMENFELD:
 21 Q. Good morning, Mr. Raffle.
 22 A. Good morning.
 23 Q. Let me just start by asking you to introduce yourself
 24 a little more to the jury.
 25 Where do you live?

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1 A. In California.
 2 Q. All right. And that's where ArthroCare is; right?
 3 A. Yes, it is.
 4 Q. Are you married?
 5 A. Yes, I am.
 6 Q. Do you have any children?
 7 A. Two daughters.
 8 Q. Where did you go to college?
 9 A. I went to MIT in Boston.
 10 Q. And when did you graduate from MIT?
 11 A. In 1990.
 12 Q. Is that also known as Massachusetts Institute of
 13 Technology?
 14 A. Yes. Yes.
 15 Q. Did you go to law school after that?
 16 A. I did. I went to law school at Duke down in Durham,
 17 North Carolina.
 18 Q. After law school, what did you do?
 19 A. I went to work for a law firm called Townsend &
 20 Townsend & McGrew in San Francisco.
 21 Q. How long were you at Townsend & Townsend and McGrew?
 22 A. About four and a half years.
 23 Q. While you were there, were you doing some work for
 24 ArthroCare?
 25 A. That's right. I started working for ArthroCare in

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1 1995.
 2 Q. And when did you actually go to work as an employee; of
 3 ArthroCare?
 4 A. In 1997.
 5 Q. Now, I'm going to go through the same prosecution
 6 histories that Mr. Hebert showed you, but -- and ask you
 7 a few more questions. But I think Mr. Hebert said that,
 8 asked you whether you had prosecuted the '882 patent.
 9 Do you remember that?
 10 A. Yes.
 11 MR. BLUMENFELD: Can you call up the '882
 12 patent? It's JTX-2, I believe.
 13 BY MR. BLUMENFELD:
 14 Q. That's the '882 patent, Mr. Raffle.
 15 MR. BLUMENFELD: Can you turn to the last
 16 three pages, Chris? Just flip through them one at a time.
 17 BY MR. BLUMENFELD:
 18 Q. And what I want to ask you is: Did you obtain
 19 certificates of correction from the Patent Office for the
 20 claims of this patent?
 21 A. Yes.
 22 Q. We'll just flip through them.
 23 Are these the certificates of correction that
 24 were obtained for the '882 patent?
 25 A. That's correct.

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1 Q. Do you still have the file history in front of you?
 2 It's Defendant's Exhibit 306. It's the --
 3 A. The little one?
 4 Q. -- skinny notebook?
 5 A. Okay. Yes, I do.
 6 Q. All right. Can you turn back to Page 200, the one
 7 that Mr. Hebert marked for you?
 8 A. Yes.
 9 Q. That is the March 25, 1997 supplemental amendment.
 10 Can you --
 11 MR. BLUMENFELD: Maybe you could put that up,
 12 Chris, beginning with that amendment.
 13 BY MR. BLUMENFELD:
 14 Q. Could you explain to the jury what you were trying
 15 to do in this amendment?
 16 A. Yes. What I was trying to do is I wanted to make a
 17 global amendment to two -- to the claim terms. Wanted to
 18 replace liquid with fluid in all the claims and we wanted
 19 to replace active electrode with electrode terminal in
 20 all the claims.
 21 Go ahead.
 22 MR. BLUMENFELD: Can you go to the next page
 23 with Claim 1 and highlight Claim 1?
 24 BY MR. BLUMENFELD:
 25 Q. This Claim 23 of the application which, as Mr.

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1 Hebert pointed out, became Claim 1.
 2 A. Right.
 3 Q. Now, in Line 3 and in Line 10 and in Line 12, did you
 4 change the term active electrode to electrode terminal?
 5 A. Yes. That's right.
 6 Q. And Mr. Hebert pointed out that in 6, you didn't
 7 change it.
 8 A. That's right.
 9 Q. Why did you not change it in 6 in this amendment?
 10 A. I don't know. It must have been a typo or an
 11 error that happened. It was a mistake. I just missed it.
 12 Q. The same question with -- in Line 11, you changed
 13 liquid to fluid. But you didn't change it in Line 8. You
 14 changed liquid to terminal there.
 15 Can you explain that?
 16 A. Another mistake. The idea, as I said, was to
 17 change -- was to change liquid to fluid, not to terminal.
 18 I think I -- you know, somehow the way we -- we made
 19 this change in the amendment, we missed that one.
 20 MR. BLUMENFELD: Chris, can you turn to --
 21 it's the fifth page of this amendment. It's claim, type
 22 Claim 48 became Claim 28. Maybe you can highlight that.
 23 The claim at the top.
 24 BY MR. BLUMENFELD:
 25 Q. Can you explain what you were doing in application

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1 Claim 48, which became Claim 28?
 2 A. Yes. The same thing. As I mentioned, the idea, in
 3 every claim I was trying to make the same change: Replace
 4 active electrode with electrode terminal and replace
 5 liquid with fluid.
 6 Q. And you were trying to do that throughout the claims?
 7 A. That's right.
 8 Q. All right. Now, do you have a copy of the patent up
 9 there in front of you? If you don't --
 10 A. I think I do.
 11 Q. Okay.
 12 A. Yes, I've got it.
 13 ---
 14 Q. When did that patent issue?
 15 A. June 16th, 1997.
 16 Q. June?
 17 A. I'm sorry. If I can find it.
 18 December 16th, 1997.
 19 Q. Did you receive a copy of the patent that day?
 20 ---
 21
 22
 23
 24
 25

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1
 2 A. Yes, we did.
 3 Q. And when you received it, did you read the patent?
 4 A. I did.
 5 Q. And what did you -- was there anything you noticed
 6 about the patent when you read it on December 16th, 1997?
 7 A. Yes. As soon as I read Claim 1, I realized there
 8 were a couple mistakes there immediately.
 9 Q. Okay. And what were the mistakes in Claim 1 that
 10 you noticed?
 11 A. I noticed that in -- you know, I made -- you don't
 12 have Claim 1 up there, but I noticed in the one place I
 13 accidentally put terminal instead of fluid. In the other
 14 place I forgot the make the change. The active electrode
 15 didn't get changed to electrode terminal.
 16 Q. Now, when you realized you had made a mistake, what
 17 did you do?
 18 A. We filed a certificate of correction with the Patent
 19 Office the next day.
 20 Q. Can you look at Page 234 that Mr. Hebert showed you?
 21 MR. BLUMENFELD: I don't know if you can find
 22 that and put it up.
 23 It's an earlier one than that. Before that.
 24 And that's the one.
 25

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1 BY MR. BLUMENFELD:
 2 Q. Is this the certificate of correction request that you
 3 filed?
 4 A. Yes, it is.
 5 Q. And what was -- you have to look at the left-hand
 6 corner.
 7 What was the date that it was submitted?
 8 A. December 17th.
 9 Q. And that was the day after the patent issued; is that
 10 right?
 11 A. Correct.
 12 Q. And what did you tell the Patent Office was the
 13 reason you were seeking a certificate of correction?
 14 A. Well, I explained to the Patent Office what the
 15 intent was, to make a global change, and then I told the
 16 Patent Office that we had made a typographical error by
 17 forgetting to -- mistakenly replacing the term active
 18 electrode with electrode terminal, and also that we had
 19 put terminal in instead of electrically conducting fluid.
 20 Q. And what did the examiner do in response to your
 21 request?
 22 A. The examiner granted the request, made the change.
 23 Q. This is Page 237.
 24 MR. BLUMENFELD: Actually, the next page.
 25

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1 Q. Now, what types of probes were the first probes
2 that ArthroCare marketed?
3 A. Our first commercial probes -- and I gather the
4 distinction you're looking for is single versus multiple
5 electrode.
6 Q. Yes.
7 A. I believe the first family of probes that went with
8 the System 970 were multiple electrode because I think
9 Hira, who was running the company then, had a strong
10 belief that those were just better products, that that
11 was the better way to make the products.
12 Obviously, the technology included both kinds
13 of electrodes, but Hira just thought they were better.
14 Q. And was there a time when ArthroCare came out with
15 probes -- with a probe with a single active electrode?
16 A. As a matter of fact, there was.
17 Q. When was that?
18 A. That was after I took over and, you know, we had
19 heard from some customers they had some procedures where
20 they would like to have a single-electrode product. So
21 I'm kind of more of a marketing guy than engineering
22 guy, I suppose, and my position on it, when Hira and I
23 talked about it was, I don't really care if you think
24 it's a better product or not, but if there are some
25 customers that have some indications where they'd like

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1 to have a single-electrode product, then we should make
2 a single-electrode product.
3 So shortly after I joined the company, we
4 added one single-electrode product and I think we have
5 several to the product line for those specific surgeries
6 where doctors wanted single-electrode products.
7 Q. Do you remember when you added a single-electrode
8 product?
9 A. I believe the first single-electrode product added
10 to the product set was added as part of the family of
11 wands that came out with the System 2000. The System 2000
12 was introduced in November of '97, so I don't remember the
13 exact date that that product was released, but it was
14 shortly after November '97.
15 Q. And what was the product?
16 A. The first one I can remember is a product that we
17 called the Saber. It's a cutting wand and is used for
18 procedures like a lateral release procedure in knee
19 surgery.
20 MR. BLUMENFELD: May I approach the witness?
21 THE COURT: Yes, you may.
22 BY MR. BLUMENFELD:
23 Q. Let me show you what we've marked as Plaintiff's
24 Exhibit 751 and ask you what that is (handing exhibit to
25 the witness).

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1 A. This is the Saber product.
2 Q. And is it the product that was your first single-
3 electrode product?
4 A. It's the first one that I remember. There have been
5 several since then also.
6 MR. BLUMENFELD: Your Honor, we move Exhibit 751
7 into evidence.
8 THE COURT: Any objection?
9 MR. MACFERRIN: We renew our objection, your
10 Honor.
11 THE COURT: All right. Well, the objection is
12 overruled.
13 *** (Plaintiff's Exhibit No. 751 was received into
14 evidence.)
15 MR. BLUMENFELD: Your Honor, can I hand this to
16 the jurors?
17 THE COURT: Yes.
18 MR. BLUMENFELD: Thank you (handing exhibit to
19 the jury).
20 (Pause.)
21 BY MR. BLUMENFELD:
22 Q. Now, Mr. Baker, do you remember you talked on Monday
23 about some probes that you sent to Smith & Nephew in
24 September of 1998?
25 A. Yes, I do.

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1 MR. BLUMENFELD: Can you pull up, Chris,
2 Plaintiff's Exhibit 621?
3 BY MR. BLUMENFELD:
4 Q. Was the Saber probe one of the probes that was sent
5 to Smith & Nephew in September of 1998?
6 A. As I recall, it was.
7 Q. And is it listed in Exhibit 621, which is the purchase
8 order from September 1998?
9 A. Yes. In fact, if you look at Item No. 5 there, you'll
10 see that there were ten Saber 30-degree wands included as
11 part of this evaluation package.
12 MR. BLUMENFELD: Thank you.
13 Your Honor, I don't have any further questions.
14 THE COURT: All right. Any cross-examination?
15 MR. MACFERRIN: No, your Honor.
16 THE COURT: All right. You may step down.
17 Thank you, sir.
18 THE WITNESS: Thank you, your Honor. Thank you.
19 (Witness excused)
20 ---
21 MR. BLUMENFELD: Your Honor, I think that
22 completes the presentation of the evidence.
23 THE COURT: All right. Is everyone in agreement
24 that that completes the presentation of the evidence?
25 MS. BOYD: Yes, your Honor.

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1 THE COURT: All right.
 2 MR. MARSDEN: Your Honor, we renew our Rule 50
 3 motion.
 4 THE COURT: All right. All such motions are
 5 reserved.
 6 We're going to take about -- at least 15 minutes
 7 to make sure we're ready to go forward with closing arguments
 8 and with the jury instructions.
 9 We have a lot of copying to do, so we're going
 10 to try to come back to you within 15 minutes. It's a
 11 little longer. It's just we want the rest of the morning
 12 to go smooth.
 13 All right. And you are still not allowed to
 14 talk about the case.
 15 (At this point the jury then left the
 16 courtroom, and the following occurred without the presence
 17 of the jury.)
 18 MR. BLUMENFELD: Your Honor, we will also be
 19 making a Rule 50 motion and we have -- rather than
 20 presenting it, we have it in writing and we'll submit it,
 21 get it together during the break and submit it before the
 22 jury comes back.
 23 THE COURT: All right. We do have -- I have
 24 made some changes and made some decisions about the
 25 instructions and the verdict form, so let me take five

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1 minutes to go over and make sure that I have the papers
 2 in what I think should be the final order and then we'll
 3 come out and have a brief meeting so you can preserve
 4 your objections and we can make sure we're all ready to go
 5 forward.
 6 So let's take that five minutes or so.
 7 (Short recess taken.)
 8 ...
 9 (Court resumed after the recess.)
 10
 11 THE COURT: Just to go over the major changes
 12 in some of the decisions I made, with respect to the
 13 charge, the certificate of correction charge, it is true
 14 that a technical correction can broaden, but that's really
 15 not what's at issue here, so it's not really helpful to
 16 the jury.
 17 The question is, I think if the jury finds that
 18 it wasn't just a technical correction, then I do believe
 19 that there is evidence on the record to indicate there
 20 can't be infringement.
 21 So I declined to put that other instruction
 22 in because I didn't think it was an issue in this case,
 23 and I did go ahead and leave on the verdict form the
 24 question of the certificate of correction before in the
 25 infringement part because I think it would be inconsistent

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1 with the evidence if the jury -- well, anyway, I think
 2 this is the way to go. If there's -- there's no
 3 infringement if the jury finds the certificate of
 4 correction is invalid. That's the evidence we have at
 5 this point.
 6 MR. BLUMENFELD: Your Honor, on that point I
 7 would like to renew our request that that issue be taken
 8 away from the jury because the certificate is presumed
 9 valid and I have not heard any evidence that would meet
 10 the burden of showing that clear and convincing evidence
 11 that a person of skill in the art wouldn't have recognized
 12 the error and how it should be corrected.
 13 THE COURT: All right. Your objection is noted
 14 for the record and I reserve that motion.
 15 MS. JACOBS-LOUDEN: Your Honor, just also for
 16 the record, we'd just like to preserve our objection that
 17 because there has been evidence presented in questions
 18 asked to the witnesses about whether or not the changes
 19 would be broadening or narrowing, that not to have that
 20 statement in the instruction would lead the jury to be
 21 confused about whether or not, in fact, a clerical error
 22 could be brought in a correction.
 23 THE COURT: Well, certainly, if Smith & Nephew
 24 argues that in its closing argument, I will include it in
 25 the instruction at the last minute. But if Smith & Nephew

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1 does not address it, the jury can't be confused about it.
 2 All right?
 3 With respect to the verdict form, I did agree
 4 with ArthroCare, that because the instructions don't have
 5 any guidance for the jury on direct infringement by
 6 others, that it would be confusing. And there's really
 7 no -- I really did take that out consistent with
 8 Arthrocare's and I will assume for the record that Smith &
 9 Nephew objects and preserves its objection in that regard.
 10 And did add it in the verdict form so it's all consistent
 11 that not only does Smith & Nephew have to prove by clear
 12 and convincing evidence, but ArthroCare has to approve
 13 by a preponderance of the evidence. You will see there's
 14 a change to make that all consistent.
 15 I hope we got the whole Saphyre suction issue
 16 correction, so please review that before it goes to the
 17 jury, and that we have the claims right.
 18 Now that I've kind of given my little
 19 introduction, with respect to the charge, if anyone wants
 20 to stand up and preserve any other objections at this
 21 point, this is the time to do it.
 22 MS. BOYD: Smith & Nephew reserves its objection
 23 on the literal infringement instruction.
 24 MS. JACOBS-LOUDEN: We wish to preserve our
 25 objection on the verdict form. We renew our objection

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1 that the anticipation section lists the particular
 2 references. We also preserve our objection to including
 3 enablement. We note that we've now filed a JMOL motion
 4 on both the certificate of -- well, on all issues, but in
 5 particular as to the fact that there's no evidence either
 6 on the certificate of correction issue or on enablement.
 7 THE COURT: All right. As I said, I reserve
 8 my ruling on all the motions, but we'll be sending it to
 9 the jury. Your objections are noted.
 10 MS. JACOBS-LOUDEN: So we would also preserve
 11 for the record our objection to including an enablement of
 12 certificate instruction in the jury charge.
 13 THE COURT: All right. Anything else from the
 14 defendant on either the charge or verdict form?
 15 MS. BOYD: No, your Honor.
 16 THE COURT: Well, are you all prepared to go
 17 forward with your closings or do you need another few
 18 minutes to organize your thoughts?
 19 MR. BOBROW: Maybe just two minutes to collect
 20 all the materials together.
 21 THE COURT: All right. Two is hard to keep
 22 track of, so we'll do five. All right?
 23 (Short recess taken.)
 24
 25

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1
 2 (Court resumed after the recess, and the
 3 following occurred without the presence of the jury.)
 4
 5 THE COURT: All right. Before we start, so
 6 that I don't interrupt anybody, can I get an idea of
 7 the timing so I know when and if we'll be taking breaks
 8 in terms of -- I mean, the jury can sit for an hour and a
 9 half.
 10 I don't know whether the jury can sit for two
 11 or three hours, so if you need to take a break, I want to
 12 make sure that we take it between events as opposed to in
 13 the middle of an event.
 14 So Mr. Bobrow?
 15 MR. BOBROW: Boy, I hope it's not more than an
 16 hour and 15 minutes or so. It might be a little bit more,
 17 might be a little bit less.
 18 THE COURT: All right.
 19 MR. BOBROW: But certainly we should wrap it up
 20 obviously before lunch.
 21 THE COURT: All right. I guess the only
 22 question is whether we take a break between your opening
 23 closing and Mr. Marsden's closing.
 24 MR. MARSDEN: I probably have between 45
 25 minutes and an hour, your Honor.

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1 THE COURT: Okay. So we should probably take
 2 a short break between so that they're not sitting for two
 3 hours or a little more.
 4 MR. BLUMENFELD: Your Honor, Mr. Marsden may
 5 have 45 minutes to an hour. I don't think that they have
 6 that much time left. I don't know if your Honor's
 7 records --
 8 MR. MARSDEN: I was told I had 61 minutes by
 9 their calculation.
 10 (Pause.)
 11 MR. MARSDEN: Your Honor, yesterday you gave
 12 us an additional 30 minutes, I believe.
 13 THE COURT: Yes. About an hour. And I take
 14 it there's no inequitable conduct case after this?
 15 MR. MARSDEN: 15 minutes. Mr. Hebert's tells
 16 me he has 15 minutes of questions for this afternoon.
 17 THE COURT: All right. That will be the
 18 shortest inequitable conduct case in the history of this
 19 court anyway.
 20 MR. HEBERT: We -- we're hoping we could
 21 supplement with a written submission as well, your Honor.
 22 THE COURT: Well, we'll talk about that later.
 23 All right. So at this point, I think, Mr.
 24 Bobrow, if you go over an hour, then we'll take a break
 25 after you, before Mr. Marsden starts. If for some reason

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1 you talk really quickly and are done in an hour, we might
 2 just go in, but then we'd still have to take a break
 3 before you have your chance to -- the final words.
 4 MR. BOBROW: Yes.
 5 THE COURT: All right. And then -- let me see.
 6 And then we'll have -- give the jurors lunch and then we'll
 7 instruct after lunch, when everyone really will fall asleep
 8 while I'm reading.
 9 All right. Let's bring the jury in, then.
 10 (At this point the jury entered the courtroom
 11 and took their seats in the box.)
 12 THE COURT: All right. Mr. Bobrow, you may
 13 proceed.
 14 MR. BOBROW: Thank you, your Honor.
 15 Good morning, ladies and gentlemen. First of
 16 all, let me take this time to thank you, each and every
 17 one of you, for your service. I believe this is your
 18 eighth day now by my unofficial count. It has been a
 19 long trial. There has been a lot of evidence that has been
 20 presented over the course of the trial.
 21 You've heard from a number of witnesses.
 22 You've heard and seen about a number of documents in the
 23 course of the case and a lot of evidence has come in, both
 24 videotape and otherwise. And the portion of the trial now
 25 is what's called the closing argument and this is the time

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1 conducting fluid, electrically conducting liquid. That's
2 what was meant to be said there: Electrically conducting
3 fluid. And terminal was put in as a mistake. And the
4 mistake was recognized immediately. And a request to
5 correct the mistake was filed immediately. And the Patent
6 Office corrected it.

7 And they did not have any problem with the
8 correction. They checked all the boxes. They reviewed it
9 and they made sure that that correction was okay and that
10 there was nothing improper going on. And there wasn't.
11 Electrically conducting terminal was just a flat-out
12 clerical mistake and it was fixed and the corrected claim
13 stands and is presumed to be valid. And you have heard no
14 evidence, no evidence from anybody, that it would be
15 unclear to one of ordinary skill, looking at the patent
16 and looking at the file wrapper of that patent, that the
17 error wouldn't have been an obvious one. The correction
18 stands, ladies and gentlemen, and under that corrected
19 claim, you have heard no evidence that Smith & Nephew
20 does not infringe. You have heard evidence that they do.

21 You have heard evidence from Dr. Goldberg that
22 squarely addresses that.

23 Let's turn to the '592 patent.

24 Once again, ladies and gentlemen, you'll
25 recall Dr. Goldberg testifying about how these three

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1 The dispute was that the return electrode not being in
2 contact with the body structure.

3 In Claim 23, the language is a little bit
4 different, but the issue is similar. Spacing the return
5 away from the body structure, spacing the return away
6 from the body structure. That's the language. That is
7 what Smith & Nephew is disputing. The limitations in these
8 claims, one that says not in contact, one that says that
9 the return is spaced away.

10 That is the evidence that you have been hearing
11 over the course of the last few days, that essentially the
12 electrode is not in contact.

13 Now, Chris, let's put up the Court's
14 construction of -- thanks.

15 This is the language that you will receive,
16 ladies and gentlemen, in the charge to the jury. This is
17 how these phrases, spacing a return electrode away and
18 return electrode not in contact, have been construed. This
19 language is very important and I believe will clear up
20 confusion, will clear up confusion.

21 You have heard frequently from many witnesses,
22 from Ms. Drucker, who was involved with the ElectroBlade
23 design, from Ms. Knudsen, who was involved with the Saphyre
24 design. You have heard from Dr. Choti, one of Smith &
25 Nephew's experts. You even heard from Mr. Marsden in his

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1 products, the Saphyre, Control RF and ElectroBlade are
2 used in a way that is covered by the claims of the '592
3 patent. I have simply here put up Claim 1. There are
4 four claims that depend upon Claim 1 that have also been
5 asserted and there's also Claim 23, another independent
6 claim, and then some claims that depend on that.
7 You'll recall that Dr. Goldberg went through
8 those claims. He cited to documents. He cited to sales
9 guides. He cited to instructions for use. He went
10 through all of that material plus his own work in the
11 field and came to the conclusion that these products,
12 when used, infringe these methods.

13 Now, what have we heard, ladies and gentlemen,
14 in response to that? What have we heard?

15 We have heard a lot about this language
16 (indicating), the return electrode is not in contact with
17 the body structure. We've heard nothing about the fact
18 that the electrode terminal is positioned in an
19 electrically conducting fluid. That's conceded.

20 There is a return electrode, a larger benign-
21 type electrode. That's conceded.

22 High-frequency voltage is applied. There's a
23 current flow path. No dispute.

24 Dr. Taylor, Dr. Choti, nobody offered any
25 opinions that all the rest of these limitations are met.

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1 opening statement that the return electrode in these
2 products, the return electrode, there are times when
3 energy is applied and it is not in contact with tissue.
4 That has been said by every witness.

5 Now, what every witness on the Smith & Nephew
6 side has said, though, is, well, there are times when it
7 does not contact the body at all during the performance
8 of the claimed method. And the implication of that seemed
9 to be, Aha, if I put the probe in somebody's knee, I'm
10 going to bang into some tissue once and then I don't
11 infringe. Or maybe twice and I don't infringe or five
12 times and I don't infringe.

13 But let's look at what this language means.
14 It says the claimed method does not contain any time
15 limitations. Thus, the claimed method is performed when
16 each of the three steps of the claim has been completed.

17 There is no minimum time period. If energy is
18 applied for three seconds and the return electrode is not
19 in contact for those three seconds, and the active
20 electrode is close to the tissue, and RF energy is applied
21 and all the other language is met, this is satisfied. This
22 is satisfied.

23 Now, if in the fourth second, it hits the
24 tissue, well, then it's not practicing the method. But if
25 in the fifth and sixth seconds, it's away from the tissue

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1 again, then it is. There is no time limitation.

2 I can perform this method for two seconds. I
3 could perform it for two minutes. There is no time
4 limitation.

5 Let's put up the other instruction on literal
6 infringement.

7 ...

8 MR. BOBROW (Continuing): Literal infringement.
9 Now, you'll receive an instruction on what it
10 means to literally infringe a claim. And here it's saying
11 that with respect to the method claims, including the
12 '592 patent, the accused methods need not always practice
13 the invention of an asserted method claim so long as
14 ArthroCare has proven by a preponderance of the evidence
15 that the accused methods operate in a way that meet each
16 and every step of the method described in the claim some
17 of the time. Some of the time. Not every single second,
18 not every single minute, every hour. Some of the time.
19 That's how literal infringement is defined. That is how
20 the not in contact limitation is defined.

21 So, ladies and gentlemen, again, if I have two
22 electrodes, active and return, and both of them are in
23 contact with the tissue, well, the '592 method isn't being
24 practiced. But when the surgeon moves the device and is
25 ablating or removing or resecting some tissue in another

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1 place and the return electrode is a way from the tissue,
2 that's infringing. That is infringing.

3 And Smith & Nephew's witnesses have conceded
4 that fact, that their devices, when used, will not contact
5 tissue at some points in time. Ms. Drucker said it. Ms.
6 Knudsen said it. Dr. Choti said it. And, of course, the
7 videotapes even show it.

8 Why don't we show some of the videotapes,
9 beginning with the Saphyre?

10 (Pause.)

11 MR. BOBROW: Well, I apologize, ladies and
12 gentlemen. We apparently are having a technical issue,
13 so I apologize that we couldn't boot those up. But perhaps
14 you remember those that were shown earlier. You remember
15 that there was some video shown of the Saphyre. You
16 remember that there was some video of the Control RF as
17 well as the ElectroBlade.

18 And all of that video, certainly to my eyes,
19 showed that there were times when those devices were used
20 and the return electrode was not in contact. I wouldn't --

21 MS. JACOBS-LOUDEN: We're ready.

22 MR. BOBROW: Oh, thanks.

23 (Videotape played.)

24 MR. BOBROW: There we go. You can see the
25 bubbles coming out. You can see that the return electrode

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1 is back off to the left. The active is in contact with
2 the tissue. There's a burst of energy there and the
3 return is not in contact with the tissue.

4 Can we go to the Control RF?

5 Right there, ladies and gentlemen, you can see
6 that orange glow at the tip of the device. You can see
7 right there, there is no contact with that broad stainless
8 steel electrode. The tip of the device is in contact with
9 the tissue. That's the active. But right there
10 (indicating), where is the tissue contact with the return?
11 It's not there. It is in the saline environment. It is
12 not in contact with tissue.

13 Let's look at the ElectroBlade.

14 Here we are again. Evidence clearly showing
15 right there (indicating) that that is -- that rotating
16 blade is cutting. That rotating blade is right next to
17 the tissue. And look at the return electrode. It's out
18 in the joint space, in the saline, not in contact with
19 the tissue.

20 I'm not going to suggest to you, ladies and
21 gentlemen, that these return electrodes never contact
22 tissue. I've never suggested that and I hope that you
23 didn't understand ArthroCare to be suggesting that that
24 was the case. That's not our position.

25 The return electrode will, from time to time,

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1 contact the tissue, but it will not always contact the
2 tissue. There will be times when it will not be in
3 contact, when it may be out in the saline, and when that
4 happens, the method is being performed when the energy is
5 applied. That is essentially the definition that you are
6 being provided of not in contact and it's the definition
7 you're being provided of literal infringement.

8 Now, our job is not done there because
9 ArthroCare has accused Smith & Nephew of infringing when
10 these devices are used and we've done so really in two
11 ways:

12 First of all, there is a claim of direct
13 infringement by Smith & Nephew of the '536 patent.
14 Essentially that Smith & Nephew itself is infringing the
15 '536 patent, which is the system claim.

16 Now, for the other two patents, and for that
17 patent as well, by the way, this is where it gets a little
18 confusing, we're asserting a claim against Smith & Nephew
19 for direct infringement. We're also asserting claims of
20 indirect infringement against Smith & Nephew because it
21 is inducing infringement by others. It is inducing and
22 contributing to infringement by others. Okay?

23 So one way that you can infringe is to perform
24 a method or to sell a system or an apparatus yourself.
25 That's one way you can infringe. Another way you can

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1 infringe is to induce somebody else to infringe or
2 contribute to somebody else's infringement.

3 So let me walk through those claims and those
4 allegations that we're making because that will be, in
5 effect, in the verdict form that you will be given at the
6 close of the case. And I want to make sure that there is
7 a road map, in essence, for you, so that you understand
8 what you are being asked to decide.

9 Now, first of all, direct infringement of the
10 '536 patent. This is the system claim. This requires a
11 probe, it requires the fluid supply and the like. That
12 claim, we have asserted Smith & Nephew has direct in
13 infringed.

14 The evidence? Well, the evidence is clear that
15 they have sold the Saphyre, they have sold the ElectroBlade
16 and they have sold the Control RF. You heard Mr. Sparks
17 say that there were several millions of dollars of
18 ElectroBlade in Saphyre sales and several tens of
19 thousands of dollars of Control RF sales. There's no
20 dispute about that. These products have been sold in the
21 United States.

22 The ElectroBlade -- pardon me -- the InteliJet
23 system, the InteliJet system, right over there (indicating),
24 it's on that cart over to the left-hand side, also has been
25 sold by submitted and nephew.

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1 And you heard from some testimony that was read
2 in from Ms. Drucker, who was the ElectroBlade project
3 manager, for example, that she actually saw a surgery in
4 New Hampshire where the InteliJet was used with the
5 ElectroBlade. So we know that doctors and hospitals and
6 the like have these systems that are working together.
7 We know that they're using the InteliJet with these other
8 products.

9 We know that also from this product catalogue
10 (indicating). This is the Smith & Nephew 2003 product
11 catalogue. You know what's in here? The InteliJet is in
12 here, Saphyre is in here, ElectroBlade is in here. All
13 of these products are being offered at the same time by
14 Smith & Nephew and we believe we have put on evidence that
15 shows that, in fact, doctors and hospitals have been using
16 these products together. That's a case of direct
17 infringement, meaning that Smith & Nephew has sold
18 essentially the system. It has sold the system to doctors
19 and hospitals in the United States.

20 Now, let's move from direct infringement by
21 Smith & Nephew of the '536 to what's called indirect
22 infringement of all three patents. All three patents
23 we're accusing of indirect infringement: '538, '882 and
24 '592.

25 Now, ArthroCare is requesting a verdict from

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1 you that Smith & Nephew has induced the infringement of
2 its patented claims. That Smith & Nephew has essentially
3 induced doctors and hospitals to infringe the claims.

4 Now, what does inducement of infringement
5 mean? We'll put that up, please.

6 This is the instruction that you will be
7 receiving, ladies and gentlemen, pertaining to inducement
8 of infringement and ArthroCare has to prove certain things
9 to you by a preponderance of the evidence, meaning that
10 it's more likely than not. More likely than not. That
11 the scales tip somewhat in Arthrocare's favor, not that
12 it tips 100 percent in Arthrocare's favor, but that the
13 scales tip in Arthrocare's favor, a preponderance of the
14 evidence, more likely than not.

15 And we have to prove some things to you:
16 First, that Smith & Nephew encouraged or instructed another
17 person how to perform a process in a manner that you find
18 infringes the ArthroCare patents.

19 So encouragement or instruction:
20 Second, that Smith & Nephew knew of Arthrocare's
21 patents.

22 Third, that it knew or should have known that
23 its encouragement or instructions would likely result in
24 another person doing that which you find to be direct
25 infringement.

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1 And, last, that another person has infringed
2 the ArthroCare patents.

3 Now, let's -- keeping that slide up, let's
4 just walk through what we have heard over the last eight
5 days.

6 First of all, Smith & Nephew encouraged or
7 instructed another person how to perform a process in an
8 infringing manner.

9 No question that you have heard evidence and
10 seen evidence on that. The instructions for use clearly
11 provide that these devices have to be used, must be used,
12 with an electrically conducting fluid. They won't work
13 without it. And it is contraindicated, the IFU say, to
14 use these devices without electrically conducting fluid.
15 It has to be there. That's the instruction that they
16 give with every single product they sell: That it has to
17 be there.

18 The instructions also say to immerse the tip
19 in the electrically conducting fluid. Let's make sure
20 that the entire device tip is in the electrically
21 conducting fluid, both active and return. Let's make sure
22 that happens.

23 You've also heard evidence and seen evidence
24 that Smith & Nephew encourages and instructs to minimize
25 or avoid or not contact tissue. Remember the sales guide

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1 is going to try to argue that Arthrocare's patents were
2 invalid, that they were disclosed by the prior art, and
3 that, in fact, did come out. Dr. Taylor testified at
4 some length, going through some power point slides about
5 the alleged invalidity of the patents.

6 Now, you are going to be instructed on the
7 presumption of validity and on the burden of proof that
8 Smith & Nephew has and we should review that now.

9 So the invalidity burden of proof that you
10 must apply in reaching your decision is a different burden
11 than the infringement burden.

12 The instruction says that Smith & Nephew
13 contends that some of the claims are invalid, but a patent
14 is presumed to be valid. Because of the presumption,
15 Smith & Nephew has the burden of proving that the asserted
16 claims are invalid by clear and convincing evidence.

17 Clear and convincing evidence is evidence that produces an
18 abiding conviction that the truth -- an abiding conviction
19 that the truth of a factual contention is highly probable.
20 And it is thus a higher standard of proof.

21 Not preponderance of the evidence. That's not
22 what this means. This is a higher standard of proof.
23 Clear and convincing.

24 Why? The Patent Office has put its seal on
25 these patents (indicating). It has investigated the

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1 claims that have been made by ArthroCare and it has
2 granted those claims after review, after consideration.

3 And you've heard some evidence this morning
4 about the re-examination process that is going on with
5 respect to the '536 patent. The '536 patent being in
6 re-examination. And you heard about somebody making a
7 request for re-examination. You heard about the Patent
8 Office and a board, three examiners getting together to,
9 again, look at the patentability of the '536 patent in
10 light of the Roos patent. The coming to a decision in
11 the notice of intent to issue the re-examination
12 certificate, that after receiving all of the contentions
13 of Smith & Nephew, that the '536 patent is still
14 patentable overall that prior art.

15 There's a presumption of validity, ladies and
16 gentlemen, and that is because the Patent Office reviews
17 these matters and gives its seal on those things which it
18 believes to be patentable. Therefore, in order to set
19 aside a claim as being invalid, there must be clear and
20 convincing evidence.

21 What's more, ladies and gentlemen, you'll be
22 instructed that you don't look at the entire patent, an
23 entire patent, when you are assessing invalidity. You
24 look at each claim. You look at the claims one by one
25 because the fact that one claim might be invalid does not

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1 mean another claim is invalid. You have to look at each
2 claim separately and gauge validity in each case on a
3 claim-by-claim basis. And you'll be instructed on that as
4 well.

5 So it's not enough, and you can't look at it
6 this way, that the whole patent is invalid. You have to
7 look at each claim and say is this valid? Go through it
8 item by item.

9 And you have to apply the clear and convincing
10 standard in each case, in each case. And I would submit
11 to you, ladies and gentlemen, that the proof in this case
12 falls far short, far short of proving invalidity by clear
13 and convincing evidence.

14 Let's summarize the evidence now with respect,
15 first of all, to the '536 patent.

16 If you could put the slide up, please, Chris,
17 relating to the Roos patent...

18 Smith & Nephew has taken the position that
19 there are four prior-art references that render the '536
20 patent claims invalid: The Roos '198 patent, the Roos
21 and Elsasser article, Pao reference and the Doss reference.

22 Now, before we go any further on that, let's
23 remember that all four of those references were in front
24 of the Patent Office when it issued the notice of intention
25 to issue the re-examination certificate confirming the

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1 patentability of all of the claims, all of the claims of
2 the '536 patent. Every single one of those references.

3 Another interesting facts. Let's also remember
4 that when the '536 patent was first issued, when it was
5 first issued, the Doss patent and Pao patent were
6 considered by the Patent Office and the '536 patent issued
7 over, it issued over those prior-art references.

8 So the Patent Office has looked at this stuff
9 already. The Patent Office has considered it.

10 So you should keep that in mind, I submit,
11 ladies and gentlemen, as you are looking at the claim that
12 this prior art renders these claims valid.

13 Now, as we went through the prior art yesterday,
14 I believe the evidence showed very clearly that the Roos
15 patent does not anticipate the '536 patent. If a prior-art
16 reference is missing even one limitation, just one, it does
17 not anticipate. Anticipation means that every single
18 element, every single limitation is present in one prior-art
19 reference. You don't combine them altogether. It is in
20 one reference and are they all there and they have to all
21 be there, either laid out or inherently, or inherently,
22 meaning necessarily, positively, no exceptions. Inherently.
23 That's the standard.

24 Now, you heard Dr. Taylor say yesterday that
25 the Roos '198 patent does not tell you where a connector

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1 So here where it says the large band rests on
2 tissue so that good electrical contact is ensured, that
3 tells you the current flow is going through the tissue.
4 It's not going through the fluid. If it were electrically
5 conducting fluid, you would get current flow through the
6 fluid and there would be no need to have the return
7 electrode resting on the tissue to ensure good electrical
8 contact.

9 There's another point here, ladies and
10 gentlemen, which is that about ten years after his first
11 patent, Mr. Roos got another patent. It's the '667 patent
12 and that's admitted in evidence.

13 And let's put up the '667 patent and Column
14 from it.

15 And if you highlight the language at 14 to 29
16 of Column 1, we talked about this some with Dr. Taylor
17 yesterday.

18 I know that's a lot of text and there are a
19 lot of words up there, but this is -- this point shows
20 that the fluid that Roos was using was not electrically
21 conductive.

22 Why? Here's Mr. Roos ten years later,
23 describing DEOS 252 on the '719. That is the parent
24 application to the Roos '198 patent. That was essentially
25 the German patent that Mr. Roos filed and after he did

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1 If you had saline present, if you had another
2 electrically conductive fluid like lactate of Ringer's
3 present, you wouldn't need secretions to make it
4 conductive. It's substantially more conductive than the
5 tissue. If saline were there, what do you need secretions
6 for?

7 The secretions might even make it less
8 conductive because, after all, saline is more conductive
9 than many bodily fluids. So Roos is relying upon, in his
10 '198 patent, bodily fluid secretions into a nonconductive
11 fluid to make it conductive.

12 But you know what? It didn't work. That's
13 what he says right here: It didn't work. He says it's
14 difficult to maintain the current intensity for trouble-
15 free cutting. It didn't work.

16 There is simply no clear and convincing
17 evidence that the Roos patent discloses any of the
18 inventions of the '536 patent.

19 Let's go onto the Roos and Elsasser article.

20 This is also asserted against the '536 patent.
21 But, once again, there is no clear and convincing evidence.
22 This is another patent that was cited at the Patent Office.
23 It has been the subject of the re-examination.

24 I submit, ladies and gentlemen, that when you
25 look at the patent -- I'm sorry, when you look at this

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1 that, he filed another patent in the United States on the
2 same inventions.

3 So sometimes you can file in one country,
4 then file in other countries. That's what he did here.

5 So he filed the parent application. And what
6 does he say in his new U.S. patent? He says that his old
7 patent didn't work. He says that the devices didn't work.

8 Why? Well, he says that in one of the
9 embodiments, there is a plastic cover that extended over
10 the endoscope and so that the only way that the return
11 electrode and the active electrode could enter into
12 electrolytic connection was through the fluid.

13 But you know what he says? He says that was
14 not good enough because he says that it can only enter
15 into contact with the cutting electrode electrolytically
16 via the secretion which is present during the cutting
17 process. The secretion.

18 What does that mean? That's blood. That's
19 other bodily fluids.

20 When a cut is made inside the body, the body
21 will secrete. Fluids will seep from the body.

22 What he's saying is here is that he was
23 relying upon secretions from the body to make the liquid
24 conductive. He's relying upon blood or something else to
25 get into the fluid and make it conductive.

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1 article, there is simply no electrical connector that is
2 shown in this patent. There's a picture of a mechanical
3 device, but there's no description in there as to where
4 the electrical connector is.

5 You can look in the translation yourself and
6 you are not going to find it. It does not tell you
7 whether it's the proximal end, the distal end, in the
8 middle, nothing.

9 There are certainly some knobs at the back end
10 for fluid and other things, but it does not describe those
11 as electrical connectors. It's not there.

12 Second point: Again, there is no electrically
13 conducting fluid that is disclosed in Roos.

14 Let's go to the next slide.

15 Again, the Roos article never mentions saline.
16 It, like the Roos '198 patent, shows current flow through
17 a non-conductive fluid.

18 Remember, there is that figure, and you saw
19 the current flux lines going through that current
20 nonconductive fluid? Again, Roos is just telling you
21 that you can get current to flow in a nonconductive fluid.
22 No doubt about that. Current can flow through a
23 nonconductive fluid.

24 That does not mean it's an electrically
25 conducting fluid. And Roos describes the fluids that are

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1 used in the monopolar case, which we know are not
2 conductive and the bipolar case as irrigation liquid. He
3 uses the same term to describe both.

4 Now, you'll recall yesterday that Mr. Marsden
5 brought a big bag of saline over to Dr. Taylor. Remember
6 that? He brought the saline over and said, Hey, look, it
7 says irrigation. If you brought a bag of manitol,
8 dextrose, distilled water, you know what it's going to
9 say? Those are also irrigants. Right?

10 Do you recall that from Dr. Goldberg? All
11 of those are irrigants that are used in this field of
12 electrosurgery and some of those irrigants are conductive
13 and some are nonconductive.

14 ...

15 MR. BOBROW (Continuing): The fact that on a
16 bag of saline irrigant, we're not disputing that. Saline
17 is an irrigant. Of course it is. So is glycine, manitol
18 and so is dextrose and other electrical non-conductive
19 fluids.

20 What is convincing here, ladies and gentlemen,
21 is why is there no clear and convincing evidence to the
22 contrary.

23 Mr. Roos described his irrigation liquid as
24 irrigation fluid for both cases identically.

25 ...

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1
2 MR. BOBROW (Continuing): If he was using
3 nonconductive fluid in the monopolar case, which he must
4 have been, and then using saline in the other case,
5 wouldn't he have said that? They have totally different
6 electrical properties, completely different.

7 Why wouldn't he have said I'm using glycine in
8 one and I'm using saline in the other? Instead it's just
9 irrigation liquid.

10 Now, we know the irrigation in the monopolar
11 case, we know that it was nonconductive. No clear and
12 convincing evidence.

13 Let's look at the Doss patent. Can we go to
14 Doss, please?

15 Thank you very much.

16 The Doss patent. This patent has been
17 considered at least four times by the Patent Office. It
18 was cited in connection with the prosecution of every
19 single one of Arthrocare's patents and it was considered
20 in connection with the re-exam. So on the '536 patent
21 alone, it was considered twice. '536 issued over it and
22 it was considered during the re-exam.

23 Dr. Taylor said that the reference does not
24 disclose where the connector is in relation with the shaft.
25 That ends the story. That is a limitation in the '536

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1 patent. There's no disclosure as to where it is. There
2 is no anticipation.

3 But there's another factor here. There is no
4 return electrode. No return electrode.

5 This is a by active device, ladies and
6 gentlemen: Two active electrodes.

7 Let's go to the next slide, please.

8 An active electrode. That means a stimulating
9 electrode applied to tissue for stimulation. Applied to
10 tissue for stimulation and distinguished from a return
11 electrode by having a smaller area of contact, thus
12 affording a higher current density.

13 Applied to tissue for stimulation.

14 Let's go to the next slide, because that's

15 exactly what Roos -- I'm sorry, exactly what Doss does with
16 both electrodes, with both electrodes.

17 Doss never says there's a return electrode.

18 He describes the electrodes as just electrodes. He never
19 says active and return. He just says electrode.

20 Remember the current flux lines?

21 Can we go to the Doss patent in Figure 7?

22 Let's go to the next page. There we go.

23 You can see there, ladies and gentlemen, we
24 talked about those current flux lines yesterday and you
25 heard Dr. Taylor say that, in a sense, you're going to

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1 get a torus or donut-shaped region in the tissue. That's
2 caused in the vicinity of both of those electrodes. You
3 are going to get a volume of tissue that's going to be
4 treated -- heated in this case, actually, but it will be
5 affected by the current flux lines going in that region.

6 Now, you heard Dr. Taylor say that the current
7 density of these electrodes is high. We know that it's
8 hyper in density at both. We know that both of these are
9 designed to treat tissue and we know that they both do
10 treat the tissue. Both of the electrodes are used in that
11 fashion.

12 Let's think about these devices for a second.

13 You've heard from all of the Smith & Nephew
14 people and from Dr. Goldberg and others, the return
15 electrode here is benign. You don't get a tissue effect
16 here in the region of the return. You don't. It's benign.
17 It has a big surface area, low current density. It's
18 designed not to.

19 That device is designed to cause a tissue
20 effect in the region of both electrodes, in that torus-
21 shaped region of both electrodes. Both are active
22 electrodes. It has no return electrode. There's certainly
23 no clear and convincing evidence of that, none whatsoever.

24 Remember, the Patent Office has considered
25 this reference a couple of times. It has considered this

VOLUME I -

IN THE UNITED STATES DISTRICT COURT
IN AND FOR THE DISTRICT OF DELAWARE

ARTHOCARE CORPORATION, : CIVIL ACTION
Plaintiff :
vs. :
SMITH & NEPHEW, INC., :
Defendant : NO. 01-504 (SLR)

Wilmington, Delaware
Monday, May 12, 2003
8:45 o'clock, a.m.

BEFORE: HONORABLE STE L. ROBINSON, Chief Judge, and a Jury

APPEARANCES:

HOARIS, NICHOLS, ARNOT & TUNNELL
BY: JACK B. BLUMENFELD, ESQ. and
KAREN JACOBS LOUDEN, ESQ.

-and-

Official Court Reporters

PROCEEDINGS

(Proceedings commenced in the courtroom, beginning at 8:45 a.m., and the following occurred without the presence of the jury.)

THE COURT: All right, counsel. Apparently, you have some issues we need to address before we bring the jury in.

MR. BLUMENFELD: Your Honor, from our side, I think the only issue is the one we left off with at the end of the day on Friday, with a curative instruction. I drafted something and sent it to Mr. Marsden and Mr. Hebert. I don't know if they have a position. Can I hand it to the Court?

THE COURT: Yes.

MR. BLUMENFELD: Our suggestion would be that it would fit perhaps at the end of the presumption of validity instruction. I think it is Page 37 of the instructions.

MR. MARSDEN: Your Honor, if I can speak briefly to it...

We have gone back and looked at the JMOL motion. That was all about not making reference to the dropping of

1 APPEARANCES (Continued):

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...

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claims, which I certainly didn't do in closing. If they had elected out of the box to assert dependent claims rather than independent claims, I think this would have been a legitimate argument and is a legitimate argument.

But it is peculiar for them to be asserting dependent claims and not independent claims. I made no reference to the dropping of claims. We don't think an instruction is necessary. Having said that, if the Court is inclined to give such an instruction, the language that Mr. Blumenfeld has proposed is language that we don't object to and the proposal to put it where he proposes to put it, we do not object to.

I said JMOL, which might have been reason for your puzzled face. I meant the motions in limine.

THE COURT: I think I knew what you meant.

MR. MARSDEN: JMOL raises one other issue. I believe I renewed our motion on Friday. To the extent I didn't, I renew it now before you charge the jury. I am sure the other side does as well.

MR. BLUMENFELD: Your Honor, to the extent it is necessary, we do.

THE COURT: All your rights are reserved and my decisions are reserved as well.

Mr. Blumenfeld, I am going to give this charge. Explain again where you think it ought to be.

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1 MR. BLUMENFELD: I hope I have the page right.
 2 I am not sure I have the final instructions. At the end
 3 of the instruction on presumption of validity, there is
 4 instruction there on each claim being a separately
 5 patentable invention. I guess it's Page 36, not 37.
 6 THE COURT: It would follow that before the
 7 instruction on 37. All right.
 8 Anything else before we bring the jury?
 9 MR. HEBERT: One last item, your Honor. That
 10 is the treatment of the inequitable conduct portion of
 11 the case. We did indeed clearly run out of time Friday.
 12 If your Honor was inclined to give us another session,
 13 we would be interested in that. Otherwise, we would
 14 submit our inequitable conduct case on the briefs. We
 15 have deposition testimony from a number of witnesses. I
 16 think it's three witnesses in particular. And we could
 17 submit that, along with the law that we believe is
 18 applicable. We can discuss a briefing schedule. Unless
 19 you are interested in hearing some live testimony.
 20 THE COURT: Well, I am not sure what I am
 21 going to do with it, because, quite frankly, for a trial,
 22 I don't just take deposition testimony on the record. So
 23 I need to think about whether I will let you proceed. If
 24 you have evidence other than what is in the trial itself,
 25 I have to think about whether you should be allowed to

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1 present anything else.
 2 MR. BLUMENFELD: Your Honor, our position on
 3 this is that you made it clear several times that the time
 4 we had included all issues, including inequitable conduct.
 5 They made their choices as to how to spend their time. If
 6 they wanted to put in evidence on inequitable conduct,
 7 they should have done it within the time that was provided.
 8 For example, we brought Mr. Raffle here. He testified
 9 briefly. But we thought that he was coming on inequitable
 10 conduct.
 11 The fact they ran out of time, it was due to
 12 their choices. I don't know that we have a problem with
 13 briefing inequitable conduct based on the trial record as
 14 it exists. What we do have a problem with is now going
 15 back and creating more of a record, especially a paper
 16 record.
 17 THE COURT: Right. I would agree with that.
 18 If you want to brief inequitable conduct on the record
 19 made at trial, you certainly may. But we are not going
 20 to open the record for purposes of inequitable conduct.
 21 All right. I will go back. If our jury were
 22 here, I would start instructing. If they are not, we will
 23 have to wait.
 24 They are here, but they are filling out their
 25 lunch orders. So, as soon as they have done that, we will

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1 bring them in and start. Thank you, counsel.
 2 (Short recess taken.)
 3 ...
 4 (Court resumed after the recess.)
 5
 6 THE COURT: All right. Let's bring our jury in.
 7 (At this point the jury entered the courtroom
 8 and took their seats in the box.)
 9 THE COURT: Welcome back, ladies and gentlemen,
 10 and we'll proceed with the reading of the jury instructions.
 11 I hope you drank caffeine this morning.
 12 Members of the jury, now it is time for me to
 13 instruct you about the law that you must follow in deciding
 14 this case. I will start by explaining your duties and the
 15 general rules that apply in every civil case. I will
 16 explain some rules that you must use in evaluating
 17 particular testimony and evidence. Then I will explain the
 18 positions of the parties and the law that you will apply in
 19 this case. And last, I will explain the rules that you
 20 must follow during your deliberations in the jury room and
 21 the possible verdicts that you may return. Please listen
 22 very carefully to everything I say.
 23 You have two main duties as jurors. The first
 24 one is to decide what the facts are from the evidence that
 25 you saw and heard here in court. Deciding what the facts-

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1 are is your job, not mine, and nothing that I have said or
 2 done during this trial was meant to influence your decision
 3 about the facts in any way.
 4 Your second duty is to take the law that I
 5 give you and apply it to the facts and decide, under the
 6 appropriate burden of proof, which party should prevail.
 7 I will instruct you as to the required burdens of proof
 8 shortly. It is my job to instruct you about the law, and
 9 you are bound by the oath that you took at the beginning
 10 of the trial to follow the instructions that I give you,
 11 even if you personally disagree with them. This includes
 12 the instructions that I gave you before and during the
 13 trial, and these instructions. All the instructions are
 14 important, and you should consider them together as a
 15 whole.
 16 Perform these duties fairly. Do not let any
 17 bias, sympathy or prejudice that you may feel toward one
 18 side or the other influence your decision in any way.
 19 You must make your decision based only on the
 20 evidence that you saw and heard here in court. Do not let
 21 rumors, suspicions or anything else that you may have seen
 22 or heard outside of court influence your decision in any
 23 way.
 24 The evidence in this case includes only what
 25 the witnesses said while they were testifying under oath.

1 the exhibits that I allowed into evidence, and the
2 stipulations to which the lawyers agreed.
3 Nothing else is evidence. Counsel's closing
4 arguments are not evidence. Counsel were simply given the
5 opportunity to summarize and interpret the evidence for
6 you. It is your recollection of the facts, not the lawyers'
7 recollections, that must govern your deliberations. The
8 lawyers' questions and objections are not evidence. My
9 legal rulings are not evidence. Any of my comments and
10 questions are not evidence.

11 During the trial, I may not have let you hear
12 the answers to some of the questions that the lawyers
13 asked. I also may have ruled that you could not see some
14 of the exhibits that the lawyers wanted you to see. You
15 must completely ignore all of these things. Do not even
16 think about them. Do not speculate about what a witness
17 might have said or what an exhibit might have shown.
18 These things are not evidence, and you are bound by your
19 oath not to let them influence your decision in any way.
20 Make your decision based only on the evidence, as I have
21 defined it here, and nothing else.

22 You should use your common sense in weighing
23 the evidence. Consider it in light of your every-day
24 experience with people and events, and give it whatever
25 weight you believe it deserves. If your experience tells

1 you that certain evidence reasonably leads to a conclusion,
2 you are free to reach that conclusion.

3 Now, some you may have heard the terms direct
4 evidence and circumstantial evidence. Direct evidence is
5 simply evidence like the testimony of an eyewitness which,
6 if you believe it, directly proves a fact. If a witness
7 testified that he saw it raining outside, and you believed
8 him, that would be direct evidence that it was raining.

9 Circumstantial evidence is simply a chain of
10 circumstances that indirectly proves a fact. If someone
11 walked into the courtroom wearing a raincoat covered with
12 drops of water and carrying a wet umbrella, that would be
13 circumstantial evidence from which you could conclude that
14 it was raining.

15 It is your job to decide how much weight to
16 give the direct and circumstantial evidence. The law
17 makes no distinction between the weight that you should
18 give to either one, nor does it say that one is any better
19 evidence than the other. You should consider all the
20 evidence, both direct and circumstantial, and give it
21 whatever weight you believe it deserves.

22 You are the sole judges of the credibility of
23 the witnesses. In considering the testimony of any
24 witness, you may take into account the witness' abilities,
25 education, opportunities to observe, age, memory, manner

1 while testifying, any interest, bias or prejudice shown,
2 and the reasonableness of the testimony considered in
3 light of all the evidence in the case.

4 During the examination of a witness, you may
5 have heard discussions about impeachment. Impeachment of
6 a witness, whether a fact witness or an expert witness,
7 occurs when his or her testimony is contradicted by other
8 evidence. When you decide how much weight to give to the
9 testimony of a witness, you may consider any contradiction
10 of the witness's testimony demonstrated through impeachment.

11 In determining the weight to give to the
12 testimony of a witness, you should ask yourself whether
13 there was evidence tending to prove that the witness
14 testified falsely about some important fact, or, whether
15 there was evidence that at some other time the witness
16 said or did something, or failed to say or do something,
17 that was different from the testimony he or she gave at
18 the trial.

19 You should remember that a simple mistake by
20 a witness does not necessarily mean that the witness was
21 not telling the truth. People may tend to forget some
22 things or remember other things inaccurately. If a witness
23 has made a misstatement, you must consider whether it was
24 simply an innocent lapse of memory or an intentional
25 falsehood and that may depend upon whether it concerns an

1 important fact or an unimportant detail.

2 When knowledge of technical subject matter may
3 be helpful to a jury, a person who has special training or
4 experience in that technical field -- called an expert
5 witness -- is permitted to state his or her opinion on
6 these technical matters. However, you are not required
7 to accept that witness' opinion. As with any other
8 witness, it is up to you to judge the credentials and
9 credibility of the expert witness and decide whether to
10 rely upon his or her testimony.

11 Some of the witnesses that testified appeared
12 here in court. Others testified through depositions that
13 were either read in court or played on videotape. You
14 should afford any testimony given by deposition the same
15 consideration you would give it had the witness personally
16 appeared in court. Like the testimony of a live witness,
17 the statements made in a deposition are made under oath
18 and are considered evidence which may be used to prove
19 particular facts.

20 One more point about the witnesses. Sometimes
21 jurors wonder if the number of witnesses who testified
22 makes the difference. Do not make any decision based
23 only on the number of witnesses who testified. What is
24 more important is how believable the witnesses were, and
25 how much weight you think their testimony deserves.

1 Concentrate on that, not the numbers.

2 During the course of the trial, you have seen
3 many exhibits. Many of these exhibits were admitted as
4 evidence. You will have these admitted exhibits in the
5 jury room for your deliberations. The remainder of the
6 exhibits, including charts and animations, were offered to
7 help illustrate the testimony of various witnesses. These
8 illustrative exhibits, called demonstrative exhibits, have
9 not been admitted are not evidence, and should not be
10 considered as evidence. Rather, it is the underlying
11 testimony of the witness that you've heard and the
12 documents that were admitted into evidence when you saw
13 the demonstrative exhibits that is the evidence in the
14 case.

15 . . .

1 Those of you who are familiar with criminal
2 cases will have heard the term proof beyond a reasonable
3 doubt. That burden does not apply in a civil case and
4 you, therefore, should put it out of your mind in
5 considering whether or not ArthroCare or Smith & Nephew
6 has met its burden.

7 The plaintiff ArthroCare is the owner of U.S.
8 Patent numbers 5,697,536, 5,697,882, and 5,224,592 B1,
9 which are the patents asserted in this case. I will refer
10 to these patents as the '536 patent, the '882 patent or
11 the '592 patent, respectively, or as the patents in suit.
12 The named inventors of the patents in suit are Philip
13 Eggers and Hira Thapliyal, who assigned the patents in
14 suit to ArthroCare. ArthroCare has the exclusive rights
15 to make, use, sell and offer for sale any product,
16 apparatus, system or method that is covered by the patents
17 in suit.

18 The defendant Smith & Nephew has marketed a
19 number of medical devices called the ElectroBlade, Saphyre
20 and Control RF. ArthroCare has accused these products and
21 their use of infringement in this case. I may refer to
22 these devices collectively as the Smith & Nephew accused
23 products.

24 ArthroCare contends that Smith & Nephew
25 literally infringes Claims 46, 47 and 56 of the '536 patent.

1 THE COURT (Continuing): This is a civil case
2 in which the plaintiff, ArthroCare, is charging the
3 defendant, Smith & Nephew, with patent infringement.

4 ArthroCare has the burden of proving patent
5 infringement by what is called a preponderance of the
6 evidence. That means that ArthroCare has to produce
7 evidence which, when considered in light of all of the
8 facts, leads you to believe that what ArthroCare claims
9 regarding infringement is more likely than not.

10 To put it differently, if you were to put
11 ArthroCare's and Smith & Nephew's evidence on the issue
12 of infringement on the opposite sides of a scale, the
13 evidence supporting ArthroCare's claims of infringement
14 would have to make the scales tip somewhat on its side.

15 In this case Smith & Nephew contends that the
16 claims of ArthroCare's patents are invalid. A patent,
17 however, is presumed to be valid. Because of the
18 presumption that a patent is valid, Smith & Nephew has
19 the burden of proving that the asserted claims are invalid
20 by clear and convincing evidence. Clear and convincing
21 evidence is evidence that produces an abiding conviction
22 that the truth of a factual contention is highly probable.
23 Proof by clear and convincing evidence is thus a higher
24 burden than proof by a preponderance of the evidence.

1 Claims 13, 17 and 54 of the '882 patent and Claims 1, 3, 4,
2 11, 21, 23, 26, 27, 32 and 42 of the '592, by making,
3 using, selling and offering for sale in the United States
4 the Smith & Nephew accused products and by contributing
5 to and inducing the infringement of these claims by
6 others. These claims are called the asserted claims.

7 While I am at it, if I read something
8 differently than what is in the written instructions, then
9 I am undoubtedly reading it incorrectly. So you should go
10 by the written instructions.

11 Smith & Nephew contends that it does not
12 infringe the asserted claims and that they are invalid.
13 Smith & Nephew contends that the asserted claims of the
14 patents in suit are invalid because, based on the prior
15 art, they were anticipated at the time of the alleged
16 invention.

17 Smith & Nephew further contends that Claims
18 13, 17 and 54 of the '882 patent are invalid because the
19 '882 patent does not teach one of ordinary skill how to
20 practice these claims without undo experimentation.

21 In this case, you must decide several things
22 according to instructions that I should give you. They
23 are:

24 One, as to each of the asserted claims of the
25 patents in suit, whether ArthroCare has shown by a

1 preponderance of the evidence that Smith & Nephew has
2 literally infringed that claim.

3 Two, as to each of the asserted claims, whether
4 Smith & Nephew has proven by clear and convincing evidence
5 that the claim is invalid.

6 The patent law provides that any person or
7 business entity which makes, uses, offers for sale or
8 sells, without the patent owner's permission, a product
9 or method legally protected by at least one claim of a
10 valid patent, within the United States, infringes the
11 patent.

12 There are three ways to infringe a patent.

13 One may:

14 One, directly infringe a patent.

15 Two, induce others to infringe a patent.

16 Or, three, contribute to the infringement of a
17 patent.

18 I will explain each type of infringement more
19 completely in a moment.

20 A patent owner may enforce its right to exclude
21 others from making, using, selling or offering for sale
22 the patented invention by filing a lawsuit for patent
23 infringement. A patent confers on its owner an exclusive
24 property right in the patented invention.

25 Here, ArthroCare, the patent owner, has sued

1 such as ArthroCare need only establish that one of the
2 asserted claims in that patent has been infringed.

3 There are a number of claims involved here.

4 ArthroCare asserts that Smith & Nephew infringes Claims 46,

5 47 and 56 of the '536 patent, Claims 13, 17 and 54 of the

6 '882 patent and Claims 1, 3, 4, 11, 21, 23, 26, 27, 32 and

7 42 of the '592 patent. Claim 46 of the '536 patent begins

8 at Column 18, Line 29 of the '536 patent, which is

9 Plaintiff's Exhibit No. 1 in evidence. The other asserted

10 claims of the '536 patent are found in Columns 18 and 19

11 of the '536 patent. Claim 13 of the '882 patent begins at

12 Column 24, Line 54 of the '882 patent, which is Plaintiff's

13 Exhibit No. 2 in evidence. The other asserted claims of

14 the '882 patent are found in Columns 24 and 25 of the '882

15 patent. Claim 1 of the '882 patent, from which Claims 13,

16 17 and 54 depend, has been corrected by a certificate of

17 correction. Claim 1 of the '592 begins at Column 24, Line

18 6 of the '592, which is Plaintiff's Exhibit No. 3 in

19 evidence. The other asserted claims of the '592 patent

20 are found in Columns 24 through 26 of the '592 patent.

21 In this case, ArthroCare contends that Smith &

22 Nephew's accused products and methods literally infringe

23 the asserted claims. In order to prove that any one of

24 the asserted claims is literally infringed, ArthroCare

25 must prove by a preponderance of the evidence that Smith &

1 Smith & Nephew and has alleged that Smith & Nephew directly
2 infringes the asserted claims of the patents in suit.
3 Additionally, ArthroCare alleges that Smith & Nephew has
4 induced and contributed to the infringement of the asserted
5 claims of the patents in suit. Smith & Nephew denies such
6 infringement.

7 To decide whether Smith & Nephew has infringed
8 the patents in suit, you will have to look to the claims
9 of the patents in suit that have been asserted. The
10 patent claims are the numbered paragraphs at the end of
11 each patent.

12 The purpose of the claims is to provide notice
13 to the public of what a patent covers and does not cover.

14 The claims define the boundaries of the invention
15 described and illustrated in the patent and the patent
16 owner's property rights. Infringement is the act of
17 trespassing on those rights. Only the claims of the
18 patent can be infringed. Neither the specification, which
19 is the written description of the invention, nor the
20 drawings of the patent can be infringed.

21 Not every claim of a patent must cover every
22 feature of the patented invention. Each claim is a
23 separate statement of the patented invention and, therefore,
24 each of the asserted claims must be considered individually.
25 To show infringement of a particular patent, a plaintiff

1 Nephew's accused products or methods include each and
2 every limitation of that particular claim. In other words,
3 must compare the features of the accused products or
4 methods with the limitations of each asserted claim in
5 order to determine whether the accused products or methods
6 include each and every limitation of an asserted claim.

7 With respect to the asserted claims of the
8 '592 and '882 patents, the accused methods need not always
9 practice the invention of any asserted method claim, so
10 long as ArthroCare has proven by a preponderance of the
11 evidence that the accused methods operate in a way that
12 meet each and every step of the method described in the
13 claim some of the time.

14 There can be two different types of claims in
15 a patent. The first type is called an independent claim.
16 An independent claim does not refer to any other claim of
17 the patent. An independent claim is read by itself to
18 determine its scope. Claim 45 of the '536 patent, Claim 1
19 of the '882 patent, and Claims 1 and 23 of the '592 patent
20 are independent claims. You know this because these
21 claims mention no other claim. Accordingly, the words of
22 these claims are read by themselves in order to determine
23 what the claims cover.

24 On the other hand, a dependent claim is a
25 claim that refers to at least one other claim in the

1 patent and thus incorporates whatever the other claim says.
2 Accordingly, to determine what a dependent claim covers,
3 you must read both the dependent claim and the independent
4 claim to which it refers.

5 In this case, for example, Claim 46 of the
6 '536 patent is a dependent claim -- it depends from Claim
7 45. Accordingly, the words of Claim 45 and Claim 46 must
8 be read together in order to determine what the dependent
9 claim, Claim 46, covers.

10 Some claims of the patents in suit are broader
11 than other claims. You are not to read the limitations or
12 words of a narrower or dependent claim into a broader or
13 independent claim if the broader claim does not explicitly
14 contain the same limitations.

15 It is my duty under the law to define what the
16 patent claims mean. I have made my determination on the
17 meaning of each claim. I will now instruct you on the
18 meaning of several of the terms and phrases in the patent
19 claims that are at issue in this case. The meanings I
20 give you should be interpreted by you in accordance with
21 their plain meanings. Except where the Court has directed
22 otherwise, all other claim language should be interpreted
23 in accordance with its ordinary and accustomed meaning.

24 You are advised that the following definitions
25 for the following terms must be applied.

1 One, connector. The Court shall apply the
2 ordinary definition of the word connector. The word
3 connect means to bind, that should be "or" fasten together,
4 join or unite, link.

5 The word connector, in terms of the '536
6 patent, shall be construed to mean a structure that
7 electrically links the electrode terminal to the high-
8 frequency power supply.

9 Two, electrically conducting fluid supply.
10 Consistent with the prosecution history, the phrase
11 electrically conducting fluid supply should be construed
12 to mean a medical container that stores electrically
13 conducting fluid. An example of a medical container is an
14 IV bag. An example of electrically conducting fluid is
15 isotonic saline.

16 Spacing a return electrode away from the body
17 structure and the return electrode is not in contact with
18 the body structure.

19 The claim limitation the return electrode not
20 in contact with the body structure is clear -- the return
21 electrode is not to contact the body at all during the
22 performance of the claimed method. The claimed method
23 does not contain any time limitations. Thus, the claimed
24 method is performed when each of the three steps of the
25 claim has been completed.

1 Four, electrically conducting fluid and
2 electrically conductive fluid. Consistent with the
3 ordinary definition, electrically conducting fluid and
4 electrically conductive fluid shall be construed to mean
5 any fluid that facilitates the passage of electrical
6 current. Examples of electrically conducting fluids are
7 blood and saline.

8 Five, directing or delivering the electrically
9 conductive fluid to the target site. This phrase shall be
10 construed consistent with its ordinary meaning. No further
11 construction is necessary.

12 Electrode terminal. Consistent with the
13 intrinsic evidence of the patents in suit, electrode
14 terminal means one or more active electrodes.

15 Active electrode. The Court shall apply the
16 ordinary definition of the term active electrode and the
17 relevant art. The term active electrode means a
18 stimulating electrode...applied to tissue for
19 stimulation and distinguished from a return electrode
20 and having a smaller area of contact, thus affording a
21 higher current density.

22 Return electrode. As contrasted with an
23 active electrode, the term return electrode means an
24 electrode having a larger area of contact than an active
25 electrode, thus affording a lower current density.

1 I am on Paragraph 9 here.

2 Insulating member. The Court shall apply the
3 ordinary definition of the phrase insulating member. Thus,
4 the phrase insulating member has been construed to mean a
5 member which provides a high degree of resistance to the
6 passage of charge.

7 Ten, 500 to 1400 volts peak to peak. This
8 phrase shall be construed consistent with its ordinary
9 meaning. No further construction is necessary.

10 Eleven, through the region of the target site.
11 This phrase shall be construed consistent with its ordinary
12 meaning. No further construction is necessary.

13 Twelve, immersing. The Court shall apply the
14 ordinary definition of the term immersing. The term
15 immersing shall be construed to mean to plunge into or
16 place under a fluid.
17 ...
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1
2 THE COURT (Continuing): Thirteen,
3 electrosurgical system.
4 The Court shall apply the ordinary definition
5 of the term system. The term system shall be construed to
6 mean an assemblage or combination of things or parts
7 forming a unitary whole.
8 Fourteen, distal end and proximal end.
9 The Court shall apply the ordinary definition
10 of the term distal and proximal. The term distal end
11 shall be construed to mean the end situated away from the
12 point of origin or attachment. The term proximal end
13 shall be construed to mean the end situated toward the
14 point of origin or attachment.
15 The asserted claims of ArthroCare's patents in
16 suit use the transitional phrase comprising or comprises.
17 Comprising or comprises is interpreted the same as
18 including or containing. In a patent claim, comprising
19 means that the claim is open-ended. As such, the claim is
20 not limited to only what is in the claim. Based on this
21 explanation, if you find that Smith & Nephew's accused
22 products or methods include all of the limitations of any
23 of the asserted claims, the fact that the products or
24 methods may also include additional features or elements is
25 irrelevant. The presence of additional features or

1 patent. It may also infringe a patent even though it
2 believes in good faith that what it is doing is not an
3 infringement of the patent.

4 As I have told you, in addition to direct
5 infringement, there are two types of indirect
6 infringement - induced infringement or contributory
7 infringement. The act of encouraging or inducing others
8 to infringe a patent is called inducing infringement.
9 The act of contributing to the infringement of others is
10 called contributory infringement.

11 A person induces patent infringement if he or
12 she purposely causes, urges or encourages others to
13 infringe a patent. Inducing infringement cannot occur
14 unintentionally. This is different from direct
15 infringement which, as I've just told you, can occur
16 unintentionally. In order to prove inducement, the
17 patent owner must prove that it is more likely true than
18 not that the accused inducer knew of the patent and
19 encouraged or instructed another person to perform a
20 process in a manner that infringes the patent. The patent
21 owner must also prove that it is more likely true than not
22 that the other person infringed the patent. A person can
23 be an inducer even if he or she thought that what he or
24 she was encouraging or instructing the other person to do
25 was not an infringement.

1 elements in Smith & Nephew's products or methods does not
2 mean that they do not infringe an asserted claim.

3 Certain claims use the language consisting
4 essentially of certain components. In interpreting patent
5 claims, these words do not mean the same thing as
6 comprising, including, or containing. Rather, a claim
7 including the language consisting essentially of will be
8 infringed only in you find that any components added by
9 defendant beyond those in the claims do not materially
10 affect the basic and novel characteristics of the
11 invention claimed in the plaintiff's patent.

12 For each of the patents in suit, Smith & Nephew
13 is liable for directly infringing that patent if you find
14 that ArthroCare has proven by a preponderance of the
15 evidence that Smith & Nephew has made, used, sold, or
16 offered for sale the invention defined in at least one of
17 the asserted claims of the patent.

18 Smith & Nephew is liable for directly
19 infringing the patents in suit in this case if you find
20 that ArthroCare has proven by a preponderance of the
21 evidence that Smith & Nephew has made, used, offered for
22 sale or sold the invention defined in at least one asserted
23 claim of the patents in suit.

24 A company can infringe a patent without
25 knowing that what it is doing is an infringement of the

1 ArthroCare asserts that Smith & Nephew induced
2 patent infringement. ArthroCare must prove four things by
3 a preponderance of the evidence:

4 First, Smith & Nephew encouraged or instructed
5 another person how to perform a process in a manner that
6 you, the jury, find infringes the ArthroCare patent claims.

7 Second, Smith & Nephew knew of ArthroCare's
8 patents.

9 Third, Smith & Nephew knew or should have known
10 that its encouragement or instructions would likely result
11 in the other person doing that which you find to be a
12 direct infringement of the ArthroCare patents.

13 Fourth, the other person infringed the
14 ArthroCare patents.

15 Smith & Nephew cannot be liable for inducing
16 infringement unless an asserted claim has been directly
17 infringed by another. However, proof of inducing
18 infringement and the underlying direct infringement may
19 be based on circumstantial evidence you have heard in
20 this case. Direct evidence of infringement and
21 contributory infringement is not required.

22 And that should be inducing infringement.
23 Direct evidence of infringement and inducing infringement
24 is not required. Now matter how many times we go over
25 these, we find lapses, so I apologize for that.

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1 In this case, ArthroCare asserts that Smith &
2 Nephew is contributing to the infringement of the
3 ArthroCare patents. In order to establish that Smith &
4 Nephew has contributorily infringed ArthroCare's patents,
5 ArthroCare must prove five things by the more likely than
6 not standard. These five things are:

7 First, Smith & Nephew knew of ArthroCare's
8 patents.

9 Second, the accused products or methods perform
10 a material part of the claimed inventions and Smith &
11 Nephew sold or supplied those products or methods.

12 Third, Smith & Nephew knew that the products
13 or methods were especially made for use in a manner that
14 infringes the patent claims.

15 Fourth, the products or methods are not staple
16 or commodity articles.

17 Fifth, the products or methods were actually
18 used in a manner that you find infringes the ArthroCare
19 patents.

20 Smith & Nephew cannot be liable for
21 contributory infringement unless an asserted claim has
22 been directly infringed by another. However, proof of
23 contributory infringement and the underlying direct
24 infringement may be based on circumstantial evidence you
25 have heard in this case. Direct evidence of infringement

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1 and contributory infringement is not required.

2 The granting of a patent by the Patent Office
3 carries with it the presumption that the patent is valid.
4 From issuance of the patents, it is presumed that the
5 subject matter of the patent is new and useful and
6 constitutes an advance which was not, at the time the
7 invention was made, obvious to one of ordinary skill in
8 the art. The law presumes, in the absence of clear and
9 convincing evidence to the contrary, that the Patent
10 Office acted correctly in issuing the patent.

11 Because a patent is presumed valid, Smith &
12 Nephew bears the burden of proving invalidity by clear
13 and convincing evidence. Although this presumption can
14 be rebutted, the burden is on Smith & Nephew to do so.
15 Smith & Nephew can only overcome the presumption of
16 validity with facts establishing invalidity by clear and
17 convincing evidence.

18 Each of the asserted claims of ArthroCare's
19 patents is presumed valid independently of the validity of
20 any other claim. This is because each claim of the patent
21 defines a separately patentable invention. Dependent
22 claims are presumed valid even though they may be dependent
23 upon a claim which is proven invalid. Smith & Nephew,
24 therefore, must prove the invalidity of each claim by clear
25 and convincing evidence.

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1 And I have an additional instruction which is
2 not included in yours so don't be confused.

3 It is common for parties to decide not to assert
4 certain claims in an effort to narrow the issues for trial.
5 In reaching your verdict on the issues of infringement and
6 validity, you should not consider that certain claims of
7 the patents have not been asserted or why they have not
8 been asserted.

9 Back to the script here.

10 Smith & Nephew has challenged the validity of
11 the asserted claims on a number of grounds. First, Smith &
12 Nephew contends that the asserted claims of the patents in
13 suit are not new, but are contained in the prior art.
14 Smith & Nephew also contends that certain of the asserted
15 claims are not adequately described or do not adequately
16 teach one of ordinary skill in the art how to practice
17 the claimed invention.

18 A person cannot obtain a patent on an invention
19 if someone else has already made the same invention. In
20 other words, the invention must be new. If an invention
21 is not new, we say that it was anticipated by the prior
22 art. An invention that is anticipated by the prior art is
23 not entitled to patent protection. A party challenging
24 the validity of a patent must prove anticipation by clear
25 and convincing evidence.

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1 In this case, the prior art asserted against
2 the patents in suit includes:

3 The Roos '198 patent. And that's Defendant's
4 Exhibit 11.

5 The article by E. Elsasser and E. Roos. That's
6 Defendant's Exhibits 59-A and 59-B.

7 The Pao '499 patent, Defendant's Exhibit 231.

8 The Doss '007 patent, Defendant's Exhibit 17.

9 The Manwaring '138 patent, Defendant's Exhibit
10 46.

11 And the article by C. Slager, et al., Defendant's
12 Exhibit 65.

13 The Roos '198 patent is asserted against claims
14 46, 47 and 56 of the '536 patent.

15 Is that 547

16 MR. BOBROW: 56.

17 THE COURT: Is it 56? All right.

18 The article by E. Elsasser and E. Roos is
19 asserted against claims 46, and 56 of the '536 patent.

20 The Pao '499 patent is asserted against Claims
21 46 and 56 of the '536 patent.

22 The Doss '007 patent is asserted against claims
23 46 and 47 of the '536 patent and Claims 1, 3, 4, 11, and 21
24 of the '592 patent.

25 The Manwaring '138 patent is asserted against

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1 Claims 13 and 54 of the '882 patent.
 2 The article by C. Slager, et al. is asserted
 3 against Claims 13, 17 and 54 of the '882 patent and
 4 Claims 23, 26, 27, 32, and 42 of the '592 patent.
 5 For an asserted patent claim to be anticipated
 6 by such prior art, each and every limitation of the claim
 7 must be present within a single item of prior art, whether
 8 that prior art is a publication or a prior patent. You
 9 may not find that the prior art anticipates a patent claim
 10 by combining two or more items of prior art.
 11 There must be no difference between the
 12 limitations of the asserted claims and the features of the
 13 prior art. A prior-art disclosure that almost meets the
 14 claim does not anticipate. The prior-art reference also
 15 must describe the invention with sufficient detail to
 16 establish that the subject matter existed in the prior
 17 art. Also, in order to anticipate, the prior art must
 18 enable one skilled in the art to practice the invention
 19 such that it is available to the public.
 20 There cannot be an accidental or unrecognized
 21 anticipation. A prior duplication of the claimed invention
 22 that was accidental, or unrecognized, unappreciated and
 23 incidental to some other purpose is not an invalidating
 24 anticipation.
 25 In deciding whether a single item of prior art

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1 anticipates a patent claim, you should consider both that
 2 which is expressly stated or present in the item of prior
 3 art, and also that which is inherently present. Something
 4 is inherent in an item of prior art if it is always present
 5 in the prior art or always results from practice of the
 6 prior art, and if a person with ordinary skill in the art
 7 would understand that to be the case.
 8 The patent laws also require that the
 9 disclosure of a patent be sufficiently detailed to enable
 10 those skilled in the art to practice the invention.
 11 Smith & Nephew has alleged that Claims 13, 17, and 54 of
 12 the '882 patent do not satisfy the enablement requirement.
 13 The purpose of the enablement requirement is to ensure
 14 that the public, in exchange for the patent rights given
 15 to the inventor, obtains from the inventor a full
 16 disclosure of how to practice the claimed invention.
 17 However, because descriptions in patents are addressed to
 18 those skilled in the art to which the invention pertains,
 19 an applicant for a patent need not expressly set forth in
 20 his specification subject matter which is commonly
 21 understood by persons skilled in the art.
 22 The law does not require that an applicant
 23 describe in his specification every conceivable and possible
 24 future embodiment of the invention. The enablement
 25 requirement is met if the description enables any mode of

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1 making and using the claimed invention. The fact that some
 2 experimentation may be required for a skilled person to
 3 practice the claimed invention does not mean that a patent's
 4 written description does not meet the enablement
 5 requirement. Enablement is not precluded by the necessity
 6 for some experimentation such as routine screening. In
 7 fact, a considerable amount of experimentation is permissible
 8 if it is merely routine or if the specification provides a
 9 reasonable amount of guidance with respect to the direction
 10 in which the experimentation should proceed. In other
 11 words, a written description is enabling so long as undue
 12 experimentation is not necessary.
 13 In determining whether undue experimentation is
 14 needed, you should weigh a number of factors, including:
 15 One, the quantity of experimentation necessary.
 16 Two, the amount of direction or guidance
 17 presented.
 18 Three, the presence or absence of working
 19 examples.
 20 Four, the nature of the invention.
 21 Five, the state of the prior art.
 22 Six, the relative skill of those in that art.
 23 Seven, the predictability or unpredictability
 24 of the art.
 25 And eight, the breadth of the claims.

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1 A permissible amount of experimentation is that
 2 amount that is appropriate for the complexity of the field
 3 of invention and for the level of expertise and knowledge
 4 of persons in that field.
 5 The person of ordinary skill is not the inventor
 6 but, rather, a hypothetical person who is presumed to be
 7 aware of all the prior art at the time of the invention.
 8 In this case, a person of ordinary skill is
 9 someone with a Bachelor's degree in electrical engineering,
 10 physics, mechanical engineering or mechanical sciences and
 11 experience with the design, development, operation, and
 12 evaluation of RF-powered electrosurgical devices for
 13 clinical applications.
 14 One of the patents in suit, the '536 patent,
 15 has been the subject of a re-examination proceeding.
 16 Re-examination is a procedure that allows the Patent Office
 17 to address substantial new questions of patentability after
 18 the issuance of a patent.
 19 Any person may request the re-examination of a
 20 patent at any time during the period of enforceability of
 21 an issued U.S. patent. The re-examination request must
 22 include one or more prior-art patents or printed
 23 publications as well as a statement by the requestor
 24 outlining the relevance of each cited reference. Upon
 25 receipt of the re-examination request, the Patent Office

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1 assigns an examiner to the re-examination request.
 2 If the Patent Office grants the re-examination
 3 request, the patent examiner may decide to allow, reject
 4 or amend patent claims that are the subject of a
 5 re-examination. A notice is issued at the end of the
 6 proceeding to inform the patent owner and any third-party
 7 requestor that the prosecution on the merits of the
 8 re-examination proceeding is closed. If the patentability
 9 of the claims is confirmed, the Patent Office will issue a
 10 notice of intent to issue an ex-parte re-examination
 11 certificate. This notice states that until the
 12 re-examination certificate issues, the proceeding is
 13 subject to being reopened. If the proceeding is not
 14 reopened, a re-examination certificate is then mailed by
 15 the Patent Office.
 16 Like any other patent, a patent that has
 17 undergone reexamination can be found invalid by a jury.
 18 ArthroCare alleges that the '882 patent issued
 19 from the Patent Office containing errors. Requesting a
 20 certificate of correction is one way to correct certain
 21 kinds of errors in patents. Once properly corrected by a
 22 certificate of correction, a patent shall have the same
 23 effect and operation in law as if it were originally issued
 24 in the corrected form ArthroCare requested and obtained a
 25 certificate of correction for its patent. Smith & Nephew

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1 challenges the validity of that certificate of correction
 2 and has the burden of proving invalidity by clear and
 3 convincing evidence.
 4 When the patent applicant is the one who --
 5 like ArthroCare -- made the error, it can use a certificate
 6 of correction only to correct errors of a clerical or
 7 typographical nature. An error is clerical and
 8 typographical if one of skill in the art can tell just
 9 from looking at the patent and the prosecution history
 10 that there was an error and also how that error should be
 11 corrected. A certificate of correction for any other
 12 errors is not valid and can be challenged in court.
 13 Now that all the evidence is in and the
 14 arguments are completed, you are free to talk about the
 15 case in the jury room. In fact, it is your duty to talk
 16 with each other about the evidence, and to make every
 17 reasonable effort you can to reach unanimous agreement.
 18 Talk with each other, listen carefully and respectfully
 19 to each other's views and keep an open mind as you listen
 20 to what your fellow jurors have to say. Try your best to
 21 work out your differences. Do not hesitate to change your
 22 mind if you are convinced that other jurors are right and
 23 that your original position was wrong.
 24 But do not ever change your mind just because
 25 other jurors see things differently, or just to get the

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1 case over with. In the end, your vote must be exactly
 2 that: Your own vote. It is important for you to reach
 3 unanimous agreement, but only if you can do so honestly
 4 and in good conscience.
 5 If any member of the jury took notes, let me
 6 remind you that the notes are not entitled to any greater
 7 weight than the memory or impressions of each juror as to
 8 what the testimony may have been. Whether you took notes
 9 or not, each of you must form and express your own opinion
 10 as to the facts of the case.
 11 If you did not take notes, you should rely
 12 upon your own memory of what was said and not be overly
 13 influenced by the notes of other jurors.
 14 No one will be allowed to hear your discussions
 15 in the jury room and no record will be made of what you
 16 say so you should all feel free to speak your mind.
 17 Listen carefully to what the other jurors have to say and
 18 then decide for yourself.
 19 Once you start deliberating, do not talk to the
 20 jury officer or to me, or to anyone else except to each
 21 other about the case. If have any questions or messages,
 22 you must write them down on a piece of paper, sign them and
 23 then give them to the jury officer. The officer will give
 24 them to me and I will respond as soon as I can. I will
 25 have to talk to the lawyers about what you have asked so-

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1 it may take me some time to get back to you. Any question
 2 or messages normally should be sent to my through your
 3 Foreperson who by custom of this Court is Juror No. 1.
 4 One more things about messages. Do not ever
 5 write down or tell anyone how you stand on your votes.
 6 For example, do not write down or tell anyone that you are
 7 split 4/4, or 6/2, or whatever your vote happens to be.
 8 That should stay secret until you are finished.
 9 Your verdict must represent the considered
 10 judgment of each juror. In order for you as a juror to
 11 return a verdict, it is necessary that each juror agree
 12 to the verdict. Your verdict must be unanimous.
 13 It is your duty, as jurors, to consult with
 14 one another and to deliberate with a view towards reaching
 15 an agreement, if you can do so without violence to your
 16 individual judgment. Each of you must decide the case for
 17 yourself, but do so only after impartial consideration of
 18 the evidence with your fellow jurors. In the course of
 19 your deliberations, do not hesitate to re-examine your own
 20 views and change your opinion if convinced it is erroneous,
 21 but do not surrender your honest conviction as to the
 22 weight or effect of evidence solely because of the opinion
 23 of your fellow jurors or for the purpose of returning a
 24 verdict. Remember at all times that you are not partisans.
 25 You are judges -- judges of the facts. Your sole interest

1 is to seek the truth from the evidence in the case.
2 A special verdict form has been prepared for
3 you. You will take this form to the jury room, and when
4 you have reached unanimous agreement as to your verdict,
5 you will have your Foreperson fill in, date and sign the
6 form. Each of you will then sign the form. You will then
7 return to the courtroom and your Foreperson will submit
8 your verdict to the Court.

9 It is proper to add the caution that nothing
10 said in these instructions and nothing in the form of
11 special verdict is meant to suggest or convey in any way
12 or manner any intimation as to what verdict I think you
13 should find. What the verdict shall be is the sole and
14 exclusive duty and responsibility of the jury.

15 Let me flaish up by saying nothing that I
16 have said or done during this trial has was meant to
17 influence your decision in any way. You must decide the
18 case yourselves based on the evidence presented.

19 A couple of things that aren't contained in
20 the instructions. Number one, you're only to confer with
21 each other when everyone is in the room. So if you have
22 any smokers that need a smoke break, if you get here at
23 different times in the morning, you are really not to
24 talk about the case until all eight of you are present in
25 the room and talking together.

1
2 THE COURT (Continuing): So if I don't hear from
3 you, rest assured you will hear from me to see what kind of
4 schedule you want to keep.

5 Is there anything else we need to address with
6 the jury before we excuse them?

7 Then we need to swear in our jury officer.
8 (Jury officer sworn.)

9 THE COURT: You are excused to commence your
10 deliberations.

11 (At 9:40 a.m., the jury retired to deliberate.)

12 THE COURT: You need to leave one phone number
13 per side with Francesca. I will be starting another trial.
14 But certainly, if any questions come from the jury, my staff
15 will bring them right into me and we will recess, once you
16 are available on the phone. So we will be in touch with you
17 as the day goes on. You should have between 12:30 and 1:30
18 to yourselves. I will let you know what the jury wants to
19 do this afternoon in terms of recessing at 3:00 or
20 deliberating until at least 5:00.

21 Thank you very much, counsel.
22 (Counsel respond "Thank you, your Honor.")
23 (Court recessed while the jury deliberated.)
24 ...
25

1 Number two, I always reserve an hour at lunch
2 so that the lawyers don't have to sit by the phone and
3 they can stray and run errands. So between 12:30 and 1:30,
4 if you have questions, don't expect to get an answer during
5 that time. I also will be out of the court between 3:00
6 and 5:00, so before 3:00 I will send in a message to you
7 if we haven't heard as to whether you want to continue
8 deliberating until 5:00 o'clock, when I get back to the
9 courthouse or whether you want to recess for the day and
10 come back tomorrow morning to continue your deliberations.
11 ...
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2 (Court resumed at 3:07 p.m.)
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4 THE COURT: The jury is on their way. They're
5 down on the second floor. It will take them just a minute
6 to walk up.

7 MR. HEBERT: Your Honor, with the Court's
8 permission, Mr. Marsden is not able to be with us this
9 afternoon. I'm accompanied here today by Mr. Thomas
10 Halkowski of the Delaware office.

11 THE COURT: That is fine.
12 (At this point the jury entered the courtroom
13 and took their seats in the box.)

14 THE COURT: All right. Ms. Tassone.
15 THE DEPUTY CLERK: Madam Forelady, may I please
16 have the verdict sheet?

17 (Verdict sheet reviewed by the Court.)

18 THE DEPUTY CLERK: The verdict reads. We the
19 jury, unanimously find as follows:

20 Infringement of ArthroCare's patents, the '536
21 patent.

22 Direct infringement by Smith & Nephew of the '536
23 patent.

24 1. Do you find that ArthroCare has shown by a
25 preponderance of the evidence that Smith & Nephew has

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1 directly infringed any of the following claims of the
 2 '536 patent with its Saphyre, ElectroBlade, or Control RF
 3 products? Yes answers to these questions are findings for
 4 ArthroCare. No answers are findings for Smith & Nephew.
 5 Patent '536, Claim 46. Saphyre yes, ElectroBlade
 6 yes, Control RF yes.
 7 Patent '536, Claim 47. Saphyre yes, ElectroBlade
 8 yes, Control RF yes.
 9 Patent '536, Claim 56. Saphyre yes, ElectroBlade
 10 yes, Control RF yes.
 11 Inducement of infringement by Smith & Nephew.
 12 2. Do you find that ArthroCare has shown by a
 13 preponderance of the evidence that Smith & Nephew has
 14 induced infringement by others of any of the following
 15 claims of the '536 patent with its Saphyre, ElectroBlade,
 16 or Control RF products? Yes answers to these questions
 17 are findings for ArthroCare. No answers are findings for
 18 Smith & Nephew.
 19 Patent '536, Claim 46. Saphyre yes,
 20 ElectroBlade yes, Control RF yes.
 21 Patent '536, Claim 47. Saphyre yes, ElectroBlade
 22 yes, Control RF yes.
 23 Patent '536, Claim 56. Saphyre yes, ElectroBlade
 24 yes, Control RF yes.
 25 Contributory infringement by Smith & Nephew.

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1 3. Do you find that ArthroCare has shown by
 2 a preponderance of the evidence that Smith & Nephew has
 3 contributed to the infringement of any of the following
 4 claims of the '536 patent with its Saphyre, ElectroBlade
 5 or Control RF products? Yes answers to these questions
 6 are findings for ArthroCare. No answers are findings for
 7 Smith & Nephew.
 8 Patent '536, Claim 46. Saphyre yes, ElectroBlade
 9 yes, Control RF yes.
 10 Patent '536, Claim 47. Saphyre yes, ElectroBlade
 11 yes, Control RF yes.
 12 Patent '536, Claim 56. Saphyre yes, ElectroBlade
 13 yes, Control RF yes.
 14 B. The '882 patent.
 15 Validity of ArthroCare's certificate of
 16 correction for the '882 patent.
 17 4. Do you find that Smith & Nephew has shown
 18 by clear and convincing evidence that the certificate of
 19 correction for Claim 1 of the '882 patent is invalid? A
 20 yes answer to this question is a finding for Smith & Nephew.
 21 A no answer is a finding for ArthroCare.
 22 Patent '882, Claim 1. Invalid, no.
 23 Inducement of infringement by Smith & Nephew
 24 of the '882 patent.
 25 5. Do you find that ArthroCare has shown by a

Page 1743

1 preponderance of the evidence that Smith & Nephew has
 2 induced infringement by others of any of the following
 3 claims of the '882 patent with its Saphyre or Control RF
 4 products? Yes answers to these questions are findings for
 5 ArthroCare. No answers are findings for Smith & Nephew.
 6 Patent '882, Claim 13. Saphyre yes.
 7 Patent '882, Claim 17. Saphyre yes, Control RF
 8 yes.
 9 Patent '882, Claim 54. Saphyre with suction yes,
 10 Control RF yes.
 11 Contributory infringement by Smith & Nephew of
 12 the '882 patent.
 13 6. Do you find that ArthroCare has shown by
 14 a preponderance of the evidence that Smith & Nephew has
 15 contributed to the infringement of any of the following
 16 claims of the '882 patent with its Saphyre or Control RF
 17 products? Yes answers to these questions are findings for
 18 ArthroCare. No answers are findings for Smith & Nephew.
 19 Patent '882, Claim 13. Saphyre yes.
 20 Patent '882, Claim 17. Saphyre yes, Control RF
 21 yes.
 22 Patent '882 Claim 54. Saphyre with suction yes,
 23 Control RF yes.
 24 The '592 patent.
 25 Inducement of infringement by Smith & Nephew of

Page 1744

1 the '592 patent.
 2 7. Do you find that ArthroCare has shown by a
 3 preponderance of the evidence that Smith & Nephew has
 4 induced infringement by others of any of the following
 5 claims of the '592 patent with its Saphyre, ElectroBlade
 6 or Control RF products? Yes answers to these questions
 7 are findings for ArthroCare. No answers are findings for
 8 Smith & Nephew.
 9 Patent '592, Claim 1. Saphyre yes, ElectroBlade
 10 yes, Control RF yes.
 11 Patent '592, Claim 3. Saphyre yes, ElectroBlade
 12 yes, Control RF yes.
 13 Patent '592, Claim 4. Saphyre yes, ElectroBlade
 14 yes, Control RF yes.
 15 Patent '592, Claim 11. Saphyre yes, ElectroBlade
 16 yes, Control RF yes.
 17 Patent '592, Claim 21. Control RF yes.
 18 Patent '592, Claim 23. Saphyre yes, ElectroBlade
 19 yes, Control RF yes.
 20 Patent '592, Claim 26. Saphyre yes, ElectroBlade
 21 yes, Control RF yes.
 22 Patent '592, Claim 27. Saphyre yes, ElectroBlade
 23 yes, Control RF yes.
 24 Patent '592, Claim 32. Saphyre yes, ElectroBlade
 25 yes, Control RF yes.

1 Patent '592, Claim 42. Control RF yes.
 2 Contributory infringement by Smith & Nephew of
 3 the '592 patent.
 4 8. Do you find that ArthroCare has shown by
 5 a preponderance of the evidence that Smith & Nephew has
 6 contributed to the infringement of any of the following
 7 claims of the '592 patent with its Saphyre, ElectroBlade,
 8 or Control RF products? Yes answers to these questions
 9 are findings for ArthroCare. No answers are findings for
 10 Smith & Nephew.
 11 Patent '592, Claim 1. Saphyre yes, ElectroBlade
 12 yes, Control RF yes.
 13 Patent '592, Claim 3. Saphyre yes, ElectroBlade
 14 yes, Control RF yes.
 15 Patent '592, Claim 4. Saphyre yes, ElectroBlade
 16 yes, Control RF yes.
 17 Patent '592, Claim 11. Saphyre yes, ElectroBlade
 18 yes, Control RF yes.
 19 Patent '592, Claim 21. Control RF yes.
 20 Patent '592, Claim 23. Saphyre yes, ElectroBlade
 21 yes, Control RF yes.
 22 Patent '592, Claim 26. Saphyre yes, ElectroBlade
 23 yes, Control RF yes.
 24 Patent '592, Claim 27. Saphyre yes, ElectroBlade
 25 yes, Control RF yes.

1 Patent '592, Claim 32. Saphyre yes, ElectroBlade
 2 yes, Control RF yes.
 3 Patent '592, Claim 42. Control RF yes.
 4 II. Validity of ArthroCare's patents.
 5 A. Anticipation of ArthroCare's patents.
 6 9. Do you find that Smith & Nephew has shown
 7 by clear and convincing evidence that the following claims
 8 of the patents in suit are invalid due to anticipation? A
 9 yes answer to this question is a finding for Smith &
 10 Nephew. A no answer is a finding for ArthroCare.
 11 The '536 patent.
 12 Claim 46. Anticipated no.
 13 Claim 47. Anticipated no.
 14 Claim 56. Anticipated no.
 15 The '882 patent.
 16 Claim 13. Anticipated no.
 17 Claim 17. Anticipated no.
 18 Claim 54. Anticipated no.
 19 The '592 patent.
 20 Claim 1. Anticipated no.
 21 Claim 3. Anticipated no.
 22 Claim 4. Anticipated no.
 23 Claim 11. Anticipated no.
 24 Claim 21. Anticipated no.
 25 Claim 23. Anticipated no.

1 Claim 26. Anticipated no.
 2 Claim 27. Anticipated no.
 3 Claim 32. Anticipated no.
 4 Claim 42. Anticipated no.
 5 D. Enablement of ArthroCare's patent.
 6 10. Do you find that Smith & Nephew has shown
 7 by clear and convincing evidence that the following claims
 8 are invalid for lack of enablement? A yes answer to this
 9 question is a finding for Smith & Nephew. A no answer is
 10 a finding for ArthroCare.
 11 Patent '882, claims 13, 17, 54. Invalid no.
 12 Members of the jury, is this the verdict you
 13 have agreed upon?
 14 THE JURORS: Yes, it is.
 15 THE DEPUTY CLERK: Juror No. 1, is this the
 16 verdict have you agreed upon?
 17 JUROR NO. 1: Yes.
 18 THE DEPUTY CLERK: Juror No. 2, is this the
 19 verdict have you agreed upon?
 20 JUROR NO. 2: Yes.
 21 THE DEPUTY CLERK: Juror No. 3, is this the
 22 verdict have you agreed upon?
 23 JUROR NO. 3: Yes.
 24 THE DEPUTY CLERK: Juror No. 4, is this the
 25 verdict have you agreed upon?

1 JUROR NO. 4: Yes.
 2 THE DEPUTY CLERK: Juror No. 5, is this the
 3 verdict have you agreed upon?
 4 JUROR NO. 5: Yes.
 5 THE DEPUTY CLERK: Juror No. 6, is this the
 6 verdict have you agreed upon?
 7 JUROR NO. 6: Yes.
 8 THE DEPUTY CLERK: Juror No. 7, is this the
 9 verdict have you agreed upon?
 10 JUROR NO. 7: Yes.
 11 THE DEPUTY CLERK: Juror No. 8, is this the
 12 verdict have you agreed upon?
 13 JUROR NO. 8: Yes.
 14 THE COURT: All right. Members of the jury,
 15 on behalf of the parties and the Court, we thank you for
 16 your service and at this point you are excused. I always
 17 take a minute to talk to jurors to make sure that we, as
 18 a court, have done everything we can to make your service
 19 a good one. So if you'd care to wait in the old jury room
 20 for a minute, I would like to come back and talk to you.
 21 If you don't care to wait, you are certainly welcome and
 22 free to go.
 23 Thank you very much.
 24 (At this point the jury then left the
 25 courtroom.)

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.,

Defendant.

C.A. No. 01-504 (SLR)

**ARTHROCARE'S MOTION
FOR A PERMANENT INJUNCTION**

Pursuant to 35 U.S.C. § 283, plaintiff ArthroCare Corporation ("ArthroCare") moves for the entry of a permanent injunction in the form attached hereto as Exhibit A. The grounds for this motion are set for in ArthroCare's Opening Brief, submitted herewith.

MORRIS, NICHOLS, ARSHT & TUNNELL

Jack B. Blumenfeld

Jack B. Blumenfeld (#1014)

Karen Jacobs Loudon (#2881)

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May 20, 2003

Exhibit A

A 15671

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.,

Defendant.

C.A. No. 01-504 (SLR)

PERMANENT INJUNCTION

In accordance with the May 12, 2003 jury verdict in this action (D.I. 405) finding that Smith & Nephew, Inc. has infringed the asserted claims of United States Patent Nos. 5,697,536 ("the '536 patent"), 5,697,882 ("the '882 patent") and 6,224,592 B1 ("the '592 patent"), and that the asserted claims of those patents are not invalid,

IT IS HEREBY ORDERED that:

1. Defendant Smith & Nephew, Inc., its officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, are enjoined from infringing claims 46, 47 and 56 of the '536 patent by making, using, offering to sell, or selling in the United States, or importing into the United States, any system that uses or includes any of the products listed on Exhibit A hereto ("the Infringing Products"), until the expiration of the '536 patent;

2. Defendant Smith & Nephew, Inc., its officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, are enjoined from inducing the infringement of claims 46, 47 and 56 of the '536 patent by inducing any person or entity to make, use, offer to sell, or sell in the United States, or import

into the United States, any system that uses or includes any of the Infringing Products until the expiration of the '536 patent;

3. Defendant Smith & Nephew, Inc., its officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, are enjoined from inducing the infringement of:

(a) (1) claims 46, 47 and 56 of the '536 patent, (2) claims 13, 17 and 54 of the '882 patent, and (3) claims 1, 3, 4, 11, 23, 26, 27 and 32 of the '592 patent, by selling, offering to sell, marketing, advertising or promoting the Saphyre Products listed on Exhibit A in the United States, or instructing, training or otherwise actively encouraging others in the United States with respect to the use of those Saphyre Products, until the expiration of the last to expire of those patents;

(b) (1) claims 46, 47 and 56 of the '536 patent, and (2) claims 1, 3, 4, 11, 23, 26, 27 and 32 of the '592 patent, by selling, offering to sell, marketing, advertising or promoting the ElectroBlade Products listed on Exhibit A in the United States, or instructing, training or otherwise actively encouraging others in the United States with respect to the use of those ElectroBlade Products, until the expiration of the last to expire of those patents; and

(c) (1) claims 46, 47, and 56 of the '536 patent, (2) claims 17 and 54 of the '882 patent, and (3) claims 1, 3, 4, 11, 21, 23, 26, 27, 32 and 42 of the '592 patent, by selling, offering to sell, marketing, advertising or promoting the Control RF Products listed on Exhibit A in the United States, or instructing, training or otherwise actively encouraging others in the United States with respect to the use of those Control RF Products, until the expiration of the last to expire of those patents;

4. Defendant Smith & Nephew, Inc., its officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, are enjoined from contributing to the infringement of:

(a) (1) claims 46, 47 and 56 of the '536 patent, (2) claims 13, 17 and 54 of the '882 patent, and (3) claims 1, 3, 4, 11, 23, 26, 27 and 32 of the '592 patent, by offering to sell or selling in the United States, or importing into the United States, the Saphyre Products listed in Exhibit A, until the expiration of the last to expire of those patents;

(b) (1) claims 46, 47 and 56 of the '536 patent, and (2) claims 1, 3, 4, 11, 23, 26, 27 and 32 of the '592 patent, by offering to sell or selling in the United States, or importing into the United States the ElectroBlade Products listed on Exhibit A, until the expiration of the last to expire of those patents; and

(c) (1) claims 46, 47 and 56 of the '536 patent, (2) claims 17 and 54 of the '882 patent, and (3) claims 1, 3, 4, 11, 21, 23, 26, 27, 32 and 42 of the '592 patent, by offering to sell or selling in the United States, or importing into the United States the Control RF Products listed on Exhibit A, until the expiration of the last to expire of those patents;

5. Defendant Smith & Nephew, Inc., its officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, are enjoined from making, using, offering to sell, or selling in the United States, or importing into the United States, any system that infringes claim 46, 47 or 56 of the '536 patent, and enjoined from inducing the infringement of or contributing to the infringement of (a) claim 46, 47 or 56 of the '536 patent, (b) claim 13, 17 or 54 of the '882 patent, or (c) claim 1, 3, 4, 11, 21, 23, 26, 27, 32 or 42 of the '592 patent, in the United States, until the expiration of the last to expire of those patents; and

6. Defendant Smith & Nephew, Inc. is hereby ordered to provide a copy of this Permanent Injunction to each of its sales representatives and distribution executives for the Infringing Products.

District Judge

EXHIBIT A ("The Infringing Products")

(a) Saphyre Products

Saphyre 90-degree, 3mm Bipolar Ablation Probe, Integrated Cable, REF 925001 / 7209686

Saphyre 90-degree, 3mm Suction Bipolar Ablation Probe, Integrated Cable, REF 925011 / 7209683

Saphyre 60-degree, 3mm Bipolar Ablation Probe, Integrated Cable, REF 925003 / 7209685

Saphyre 60-degree, 3mm Suction Bipolar Ablation Probe, Integrated Cable, REF 925013 / 7209682

Saphyre 90-degree HP Ablator, REF 7209684

Saphyre 90-degree HP Ablator with suction, REF 7209681

Pro-Saphyre 60-degree Small Joint with Suction, Oratec No. 925016

Pro-Saphyre 60-degree Small Joint, Oratec No. 925026

Saphyre II 90-degree HP with Suction, REF 7210112

Saphyre II 90-degree with Suction, REF 7210111

Saphyre II 60-degree with Suction, REF 7210113

Saphyre II 40-degree curved with Suction, REF 7210185

(b) ElectroBlade Products

Dyonics Series 9000 ElectroBlade Resector 4.5mm Full Radius Blade, REF 7205961

Dyonics Series 9000 ElectroBlade Resector 4.5mm Elite, REF 7209700

Dyonics Series 9000 ElectroBlade Resector 5.5mm Full Radius Vulcan Plug-in, REF 7205962

Dyonics Series 9000 ElectroBlade Resector 5.5mm Elite Vulcan Plug-in, REF 7209982

Dyonics Series 9000 ElectroBlade Resector 4.5mm Full Radius Blade Vulcan Plug-in, REF 7209855

Dyonics Series 9000 ElectroBlade Resector 4.5mm Elite Vulcan Plug-in, REF 7209983

(c) Control RF Products

Dyonics Series 7000 RF Arthroscopic Probe, Type RS,
REF 7205956

Dyonics Series 7000 RF Arthroscopic Probe, Type RSX,
REF 7205957

Dyonics Series 7000 RF Arthroscopic Probe, Type RE,
REF 7209034

Dyonics Series 7000 RF Arthroscopic Probe, Type REX,
REF 7209035

Dyonics Series 7000 RF Arthroscopic Probe, Type AP,
REF 7209036

Dyonics Series 7000 RF Arthroscopic Probe, Type APX,
REF 7209037

Dyonics Series 7000 RF Arthroscopic Probe, Type MR,
REF 7209038

Dyonics Series 7000 RF Arthroscopic Probe, Type MRX,
REF 7209039

Dyonics Control RF Generator Adaptor, REF 7207908

350313

CERTIFICATE OF SERVICE

I, Jack B. Blumenfeld, hereby certify that copies of the foregoing document were caused to be served this 20th day of May, 2003, upon the following in the manner indicated:

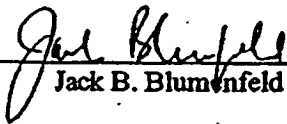
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Jack B. Blumenfeld

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.,

Defendant.

C.A. No. 01-504 (SLR)

**ARTHROCARE'S MOTION TO DISMISS
SMITH & NEPHEW'S ANTITRUST COUNTERCLAIM**

Pursuant to Fed. R. Civ. P. 12(b)(6), plaintiff ArthroCare Corp. ("ArthroCare") moves to dismiss Smith & Nephew's Counterclaim for Antitrust Violations for failure to state a claim upon which relief can be granted. The grounds for this motion are set forth in ArthroCare's opening brief, submitted herewith.

MORRIS, NICHOLS, ARSHT & TUNNELL

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May 27, 2003

CERTIFICATE OF SERVICE

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Jack B. Blumenfeld

BRIEF FILE

436

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.

Defendant.

C.A. No. 01-504-SLR

SMITH & NEPHEW, INC.,

Counterclaim Plaintiff,

v.

ARTHROCARE CORPORATION, AND
ETHICON, INC.,

Counterclaim Defendants.

CONFIDENTIAL
FILED UNDER SEAL

U.S. DISTRICT COURT
DISTRICT OF DELAWARE

JUN 4 11 11 AM '03

SMITH & NEPHEW'S ANSWERING BRIEF IN OPPOSITION TO
ARTHROCARE'S MOTION FOR A PERMANENT INJUNCTION

Dated: June 4, 2003

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Page 1

1 IN THE UNITED STATES DISTRICT COURT
2 IN AND FOR THE DISTRICT OF DELAWARE
3
4 ARTHROCARE CORPORATION, CIVIL ACTION
5 Plaintiff,
6 v.
7 SMITH & NEPHEW, INC.,
8 Defendant.
9 SMITH & NEPHEW, INC.,
10 Counterclaim Plaintiff,
11 v.
12 ARTHROCARE CORPORATION, and
13 ETHICON, INC.,
14 Counterclaim Defendants. NO. 01-504 (SLR)
15
16 Wilmington, Delaware
17 Monday, June 9, 2003 at 3:30 p.m.
18 TELEPHONE CONFERENCE
19
20 BEFORE: HONORABLE JUS L. ROBINSON, Chief Judge
21
22 APPEARANCES:
23 MORRIS NICHOLS ARNST & TURNELL
24 BY: JACK B. BLUMENFELD, ESQ., and
25 KAREN JACOBS LOUGHER, ESQ.
-and-
Brian P. Caffigan

Page 2

1 APPEARANCES: (Continued)
2
3 NEIL GOTSAL & MANGES
4 BY: JARED DOBROW, ESQ., and
5 TIMOTHY DEMASI, ESQ.
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6 Counsel for ArthroCare Corporation
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20 -and-
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23 (Baltimore, Maryland)
24 -and-
25 VENABLE BARTER MORROW & CIVILETTI, LLP
BY: REBECCA L. GOLDSMITH, ESQ.
(Washington, District of Columbia)
Counsel for Ethicon, Inc.

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- 000 -

PROCEEDINGS

(Proceedings began at 3:30 p.m.)

THE COURT: This is Judge Robinson. Brian is our court reporter. You need to identify yourself each time you speak.

I really don't need to hear from you with respect to briefing the issues that we tried because my practice is, number one, I don't enter a permanent injunction until the post-trial briefing is done and I've made my decisions and, number two, it only makes sense to me to go ahead and brief the inequitable conduct and all the JMOL motions at one time. So if you can't get together and work out a schedule, then I'm happy to set a schedule right now on all those post-trial issues and I frankly don't want to hear anything more about it except if you want me to give you dates. If you can work out dates, then I'm happy to go on to what I think is kind of the harder issue because I'm not used to bifurcation and that is what we do with the antitrust damages and willfulness issues.

MR. BLUMENFELD: Your Honor, Jack Blumenfeld for ArthroCare.

I actually think that it might be helpful if you would just set schedules because we've had a difficult time

agreeing not only on "what" should be briefed "when" but on the "when" part even on the inequitable conduct; and you know our view is that we filed the motion on inequitable conduct, it's pending; but whatever your Honor wants to do, we agree that we would like to get the JMOL and the inequitable conduct over with as soon as possible so we can get the injunction and we can discuss the antitrust and damages and willfulness separately.

THE COURT: All right. Well, my opinion is 30 days/30 days/2 weeks on whatever motions are going to be filed and they all need to be filed. I guess that is the only issue. It's been a month I think approximately since the end of trial so you all should have been getting your act together. So I would suggest that by June 20th, any motions that are going to be filed should be filed and then you've got 30 days to file answers and two weeks after that to file your replies.

MR. MARSDEN: Your Honor, this is William Marsden. Can I speak briefly to that schedule?

THE COURT: Yes.

MR. MARSDEN: The 30/30/15 in principle is something that is very close to what we had proposed on some of these things. However, the start date for that is a little tight for us principally because of all the motions that the plaintiff has filed since the end of trial that

Page 5

1 we've been responding to. There have been three motions
2 filed: one on inequitable conduct, one on our antitrust
3 counterclaim and one on the permanent injunction which, as
4 you've indicated, was premature. We've had to respond to
5 all of those and that has obviously taken time and attention
6 from preparing our post-trial motions. So we would request
7 that we have 30 days from today to file those motions and
8 then follow the remainder of the schedule your Honor has
9 outlined.

10 MR. BLUMENFELD: Your Honor, Jack Blumenfeld
11 again. I'm a little surprised to hear that because on the
12 inequitable conduct, they actually had proposed to us that
13 they would file their papers this week. We've already been
14 a month from trial and to now to wait another month and then
15 another up to a month for our brief is going to, it's just
16 going to be a very long time. I think your Honor is right,
17 that they know what they're going to do. It's not like
18 they've been sitting around for a month and not thinking
19 about it.

20 MR. MARSDEN: Yes, your Honor. This is William
21 Marsden. Maybe I misspoke or I didn't speak enough to
22 explain my proposal. We are in fact prepared to address the
23 inequitable conduct issue with a brief that we are filing
24 this afternoon. So the briefing on that could proceed with
25 30 days from today and then 15 days thereafter. It was the

Page 6

1 AMOL, new trial motions that we have not had time to address,
2 and it is those we would like to have 30 days to file those
3 motions on.

4 THE COURT: Well, I frankly don't like to spend
5 time on this, so what I'll do is just split the difference
6 and all AMOL motions are due by June 30th which gives you a
7 little more time than I had originally proposed but not as
8 much time as Smith & Nephew proposed. So split it down the
9 middle and hopefully it's not unduly unfair to anybody.

10 Now, with respect to these other issues, I have
11 to say that of course up until this last year or so, I never
12 bifurcated. Now I'm starting to, to give our juries a chance
13 to get a better bite at the apple here. And I guess it had
14 always been my feeling, without ever having to articulate it
15 because this is one of the first cases that didn't settle
16 after the first part of the trial, is that all of these sorts
17 of issues would wait because you certainly don't want to wait
18 to appeal the liability issues, I wouldn't think, and why go
19 to the trouble of going forward if the appeal is going to be
20 bifurcated anyway? Why go to the trouble of discovery and
21 trying these other issues when the Federal Circuit might
22 change the whole landscape anyway with its decision on appeal?
23 So, as I said, I hadn't really thought it through. I guess I
24 just thought that the most efficient way of doing this was to
25 wait for the Federal Circuit to either reverse or affirm and

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1 not waste anymore money on trial proceedings until we get a
2 definite landscape from the Federal Circuit. But I'm happy to
3 hear from you all as to why we should go ahead and spend your
4 client's money.

5 And I'm also a little confused about why Ethicon
6 is on the phone. I assume no one objects because you are
7 talking on the record in front of them but, anyway, I have
8 to say I'm --

9 MS. MAROULIS: Your Honor, this is Vicki Margolis
10 for Ethicon. We were called by Smith & Nephew's counsel and
11 invited to be on this call, having been informed there may be
12 issues we would have an interest in. There is at least one
13 issue we definitely have interest in which is the motion for
14 protective order which I think was represented to the Court
15 as being fully briefed but we have not had an opportunity to
16 lodge our opposition to. If the Court takes that matter up,
17 we can address it. I don't want to interrupt what you're
18 addressing now. And other than that, we're here because we
19 were invited to be here. As you've just queried, I just
20 wanted to let you know why we thought we were here.

21 THE COURT: All right. Well, that is helpful. I
22 appreciate that.

23 MR. MARSDEN: Your Honor, this is William
24 Marsden. If I could respond briefly to your comments about
25 the second phase of the trial.

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1 I think in principle we agree with a lot of
2 what you said about conserving resources and resolving all
3 issues on liability before expending money on a second trial.
4 Frankly, we haven't expressly discussed that option with our
5 client. We certainly would like an opportunity to do so.
6 But I think we would certainly be open to the possibility
7 of simply finishing all the briefing on all issues here and
8 ending the first phase and getting your Honor's rulings on
9 those and takes those issues up on appeal without launching
10 into a second trial on damages and willfulness and anti-
11 trust. But again, that's not something that we've expressly
12 discussed with our client up to this point.

13 MR. BLUMENFELD: Your Honor, Jack Blumenfeld.
14 We're in a little bit of a similar position but not exactly.
15 And that is, I guess I'd like to have the opportunity to talk
16 to my co-counsel and client about the damages, willfulness
17 aspect. The antitrust aspect, I guess our view is, as we put
18 this in a motion and a brief which is pending before your
19 Honor, is that with the jury having found the patents to be
20 valid and infringed that there can't be any antitrust count-
21 erclaim that survives. And that I think we would be happy to
22 put that off pending any appeal of the patent issues.

23 The concern I have is that so far, Smith & Nephew
24 has taken the position that it would be improper to enter an
25 injunction while those issues are still out there. I don't

1 understand that, but that is their position. And we want
2 to make sure that we get things in a position where now that
3 you've set a schedule on inequitable conduct and MOT where
4 we're in a position to get a permanent injunction. So that
5 is our concern.

6 MR. MARSDEN: Your Honor, I think we have briefed
7 the issue of permanent injunction. You indicated it was
8 premature at this time. We obviously need to see how issues
9 sort out, what happens in the pending requests for reexam,
10 and a lot of other things to determine what the equities are
11 when we reach the point where the Court has either modified
12 the jury's verdict, granted a new trial or affirmed it. But
13 we certainly don't want to commit and would not commit at
14 this point there should be a permanent injunction issued at
15 the end of this briefing period because, frankly, we think we
16 have meritorious motions. We don't know what will happen in
17 the reexam and a number of other things.

18 Having said that, we think it does make sense to
19 resolve the issues that are before the Court and get those
20 issues up on appeal. I don't know if Mr. Hebert has anything
21 to add. He has actually been in discussions with the other
22 side more than I have on scheduling matters.

23 MR. HEBERT: This is Mark Hebert. No, I don't
24 recall this particular issue coming up in our discussions
25 with the other side. Although I will add, and I think this

1 argument post-trial and I would suggest the end of August
2 or the beginning of September. I think briefing won't be
3 done until mid August so maybe early September would be an
4 appropriate time.

5 I'm not sure how well my calendar reflects the
6 real world but on Monday, September 15th, I'm in a jury trial
7 but I don't have anything scheduled at the end of my day.
8 Would you all be available for oral argument on all this?

9 MR. MARSDEN: Your Honor, William Marsden for
10 Smith & Nephew. Yes, I believe we would.

11 MR. BLUMENFELD: Your Honor, Jack Blumenfeld.
12 That's fine with me.

13 Jared, are you okay then? Do you know?

14 MR. BOBROW: The 15th is fine, as are the dates
15 earlier than that.

16 THE COURT: Well, I think I'm going to leave it
17 there because I suspect you're going to file a little bit of
18 paper with me so I'm hesitant to schedule it before then. So
19 why don't we schedule it at 3:30 on the 15th, oral argument
20 on the motions. I will try to let you know how much specific
21 time and which motions I'm particularly interested in before
22 the 15th but I won't try to do that now.

23 All right. Should we discuss this protective
24 order issue? I have to say that I haven't focused on it, but
25 since Ethicon is paying its lawyers to be on the phone, if

1 is pointed out in our opposition to the motion for entry of
2 an injunction, that the antitrust issue raises the question
3 of enforceability of the patents. It raises the issue of
4 misuse of the patents by entering into this collusive agree-
5 ment. We think that is a further reason for denial of the
6 injunction. And as I say, it's included in the brief we
7 recently filed.

8 THE COURT: Well, it seems to me that, number
9 one, we'll go ahead brief the issues that are specifically
10 before the Court based on the trial record. That briefing
11 should be done, what, mid August. And maybe we should go
12 ahead and set an oral argument date, since everyone's sche-
13 dules are going to be difficult generally in that time
14 period.

15 For the time being, we're going to stay the anti-
16 trust damages and willfulness issues, and we will reconsider
17 those issues once we finish briefing and have oral argument.
18 Perhaps at the oral argument, those are issues that we might
19 want to address again. Certainly after I issue my decision,
20 those will be issues we need to address again as to whether
21 anything should go forward and what should be entered at that
22 time.

23 So for the moment, antitrust damages,
24 willfulness, stayed. We've got a briefing scheduled for all
25 the other issues. So I believe that we can schedule oral

1 there is something we can helpfully do?

2 MS. MARGOLIS: Your Honor, if I might. This is
3 Vicki Margolis of Ethicon again. If I could just to visit
4 the last issue just for a moment of clarification. The
5 status of Ethicon I have vis-a-vis the antitrust issue
6 vis-a-vis the stay, we have, right now, in terms of the stay
7 vis-a-vis Ethicon, we don't need to respond to the complaint
8 that has been filed with our response, which would be in the
9 form of a motion to dismiss, of course, until it's triggered
10 by actual notice of the verdict, which we haven't formally
11 received.

12 But be that as it may, I assume you don't want us
13 to be responding or filing any papers at this time, and the
14 question is can we have some indication from the Court as to
15 what point after that hearing on the 15th, which I guess is
16 when the Court is going to decide when briefing on of your
17 further issues would be heard? If we can get some notice at
18 that point as to when we would need to then brief our motion
19 to dismiss, for example, the complaint or the counterclaim
20 against us?

21 THE COURT: Yes, I think basically the proper
22 wording, which I'm not going to put in an order, it's part of
23 the transcript, is that the antitrust damages and willfulness
24 issues are stayed until further Order of the Court.

25 MS. MARGOLIS: Thank you, your Honor. That's

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1 very helpful.
2 THE COURT: All right.
3 MS. MARGOLIS: On the protective order issue,
4 just to address the second issue, as I understand it, our
5 response to the pending motion is that Friday, if the Court
6 hasn't had a chance to review the papers, we can simply file
7 our papers then.
8 I do want to note for the Court that neither
9 Smith & Nephew nor ArthroCare has noticed in their briefing
10 or notified the Court in their briefing there is another
11 party to that confidential agreement, and that is Gyrus
12 Medical who has not been notified, as far as I know, or been
13 given an opportunity to weigh in on this. But the terms of
14 that agreement are confidential and Gyrus, the Court should
15 know there is another party to notify which is a separate
16 party from everybody here that is on this phone call before
17 that agreement can be made public, especially to Smith &
18 Nephew and the competitive people at Smith & Nephew because
19 what they're seeking is the competitive information from that
20 agreement to go to the operations and business people there.
21 So I wanted to notify the Court about that and,
22 to the extent that the parties have represented briefing is
23 closed, to let the Court know we're going to file our opposi-
24 tion on Friday. I'm prepared to argue it, of course, today,
25 but if you would rather have the briefing, we can do it that

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1 way. Whatever the Court's pleasure is.
2 MR. BLUMENFELD: Your Honor, this is Jack
3 Blumenfeld. If I can make a suggestion. In its papers that
4 were filed last week, the only thing that Smith & Nephew said
5 was that it needed the information so they could have its
6 people participate in the antitrust and damages issues. We,
7 of course, disagree with that, but given your Honor has stayed
8 those things until September 15th, I don't see any reason why
9 that this issue even needs to be dealt with, why it can't be
10 dealt with when we're before you on September 15th.
11 THE COURT: Well, that is exactly what I was go-
12 ing to question. If this has to do with antitrust and other
13 issues, then it essentially is stayed as well as everything
14 else. That there is no discovery going forward. Therefore,
15 there is no need to deal with the protective order issue as
16 far as I can tell unless someone has a different interpret-
17 ation of what I have said about four times during the tele-
18 phone conference.
19 (Sealed proceedings take place at this point.)
20 THE COURT: And so the protective order issue is
21 stayed. There is no need to do any further briefing and that
22 will be stayed until we address all of the stayed issues in
23 September or by my order.
24 MR. HEBERT: One further clarification, your
25 Honor.

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1 THE COURT: Yes.
2 MR. HEBERT: There is a pending motion to dismiss
3 the antitrust claim. I would understand that is stayed as
4 well.
5 THE COURT: Yes.
6 MR. BLUMENFELD: Your Honor, we actually think
7 that we have a motion pending. Their response is due. They
8 asked for an extension, which we're glad to give them, but it
9 seems to us that maybe that ought to get heard on September
10 15th also. It's going to be an issue as to whether that ought
11 to be permitted to go forward at all.
12 MR. HEBERT: If I might respond to that. This is
13 Mark Hebert again. If we're going to have motions to dismiss
14 on the antitrust claim, perhaps we could get Ethicon's motion
15 as well out of the way.
16 THE COURT: Ethicon's motion to?
17 MR. HEBERT: Ethicon has indicated it wants to
18 file a motion to dismiss the antitrust claim as well.
19 THE COURT: Well, you know, you either stay it
20 or you don't. So as far as I'm concerned, I'm going to have
21 enough to deal with your MOT now. So everything is stayed
22 and we'll deal with the antitrust issues later. That's what
23 I said and that's what I mean. So the pending motion on
24 antitrust is stayed and everything having to do with the
25 antitrust counterclaims, discovery, substantive motions, et

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1 cetera, is stayed pending further order of the Court.
2 All right, counsel. Thank you very much. Have a
3 good day.
4 THE ATTORNEYS: Thank you, your Honor.
5 (Telephone conference ends at 4:00 p.m.)
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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

FILED
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DISTRICT OF DELAWARE

2003 JUN 30 PM 4:56

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.

Defendant.

C.A. No. 01-504-SLR

SMITH & NEPHEW, INC.,

Counterclaim Plaintiff,

v.

ARTHROCARE CORPORATION, AND
ETHICON, INC.,

Counterclaim Defendants.

**DEFENDANT SMITH & NEPHEW'S MOTION FOR A NEW TRIAL
UNDER FED. R. CIV. P. 59**

Defendant Smith & Nephew, Inc. ("Smith & Nephew") respectfully
moves for a new trial pursuant to Fed. R. Civ. P. Rule 59. In support of this motion,
Smith & Nephew has filed a memorandum and a declaration simultaneously herewith.

Dated: June 30, 2003

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.

Defendant.

C.A. No. 01-504-SLR

[PROPOSED] ORDER

The Court having considered Smith & Nephew's Rule 59 Motion for a New Trial, and good cause having been shown therefore,

IT IS HEREBY ORDERED this _____ day of _____, 2003 that:
Smith & Nephew's Motion is GRANTED.

UNITED STATES DISTRICT JUDGE

CERTIFICATE OF SERVICE

I hereby certify that on this 30th day of June, 2003, a true and correct copy of the Defendant Smith & Nephew's Motion For A New Trial Under Fed. R. Civ. P. 59 was caused to be served on the attorneys of record at the following addresses as indicated:

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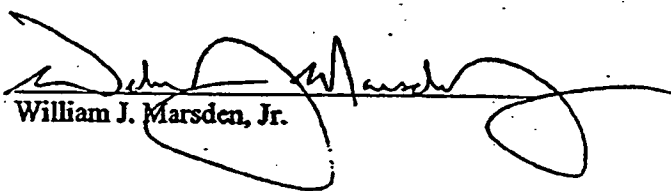
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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

FILED
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DISTRICT OF DELAWARE

2003 JUN 30 PM 4: 56

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.

Defendant.

C.A. No. 01-504-SLR

SMITH & NEPHEW, INC.,

Counterclaim Plaintiff,

v.

ARTHROCARE CORPORATION, AND
ETHICON, INC.,

Counterclaim Defendants.

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UNDER FED. R. CIV. P. 59

Defendant Smith & Nephew, Inc. ("Smith & Nephew") respectfully
moves for a new trial pursuant to Fed. R. Civ. P. Rule 59. In support of this motion,
Smith & Nephew has filed a memorandum and a declaration simultaneously herewith.

Dated: June 30, 2003

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.

Defendant.

C.A. No. 01-504-SLR

[PROPOSED] ORDER

The Court having considered Smith & Nephew's Rule 59 Motion for a New Trial, and good cause having been shown therefore,

IT IS HEREBY ORDERED this _____ day of _____, 2003 that:
Smith & Nephew's Motion is GRANTED.

UNITED STATES DISTRICT JUDGE

CERTIFICATE OF SERVICE

I hereby certify that on this 30th day of June, 2003, a true and correct copy of the Defendant Smith & Nephew's Motion For A New Trial Under Fed. R. Civ. P. 59 was caused to be served on the attorneys of record at the following addresses as indicated:

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARTHROCARE CORPORATION,

Plaintiff,

v.

SMITH & NEPHEW, INC.

Defendant.

C.A. No. 01-504-SLR

SMITH & NEPHEW, INC.,

Counterclaim Plaintiff,

v.

ARTHROCARE CORPORATION, AND
ETHICON, INC.,

Counterclaim Defendants.

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DISTRICT OF DELAWARE
2003 JUN 30 PM 4: 57

SMITH & NEPHEW'S OPENING BRIEF IN SUPPORT OF ITS
RULE 59 MOTION FOR A NEW TRIAL

Dated: June 30, 2003

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**These pages have been removed from the
non-confidential appendix due to confidential
designations**

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CERTIFICATE OF SERVICE

I hereby certify that on this 30th day of June, 2003, a true and correct copy of SMITH & NEPHEW'S OPENING BRIEF IN SUPPORT OF ITS RULE 59 MOTION FOR A NEW TRIAL was caused to be served on the attorneys of record at the following addresses as indicated:

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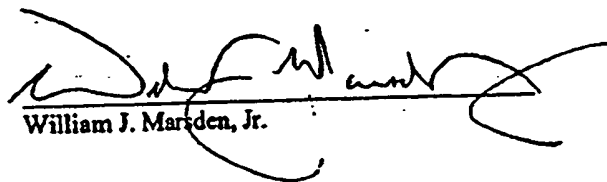
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CERTIFICATE OF SERVICE

I hereby certify that on December 21, 2004, I caused two copies of the foregoing **Non-Confidential Joint Appendix** to be served as follows:

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Defendant-Appellee, Arthrocare
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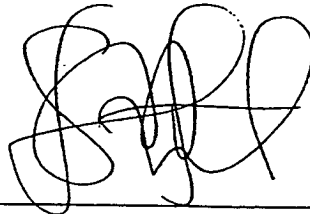
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